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ABSTRACT

This volume in the Research in Management series is devoted to the field of leadership--a look at where it has been and where it seems to be going. A "Foreword" (Linda L. Neider, Chester A. Schriesheim) is followed by seven chapters highlighting creative, new looks at leadership and adept. analyses of leadership theories that have already made major contributions to the field. "The Leader as Integrator: The Case of Jack Welch at General Electric" (Edwin A. Locke) identifies various mechanisms and processes that leaders can use to make their organizations function as an integrated whole. "Transformational and Charismatic Leadership: A Levels-of-Analysis Review of Theory, Measurement, Data Analysis, and Inferences" (Francis J. Yammarino et al.) presents a review of over 230 publications on transformational and charismatic leadership with an explicit focus on levels-of-analysis issues. "Social Exchanges in the Workplace: A Review of Recent Developments and Future Research Directions in Leader-Member Exchange (LMX) Theory" (Berrin Erdogan, Robert C. Linden) indicates that interest in antecedents and consequences of LMX continues. "Path-Goal Theory of Leadership" (Martin G. Evans) reviews development of this theory, assesses the current state of research, and raises implications for research. "Influence Tactics and Leader Effectiveness" (Gary Yukl, Carolyn Chavez) reviews research in the area of proactive influence techniques, then focuses on three studies using different methodologies to pinpoint influence tactic effectiveness. "Leadership in the Context of Psychological Contract Breach: The Role of Mentoring" (Terri A. Scandura, Ethlyn A. Williams) proposes that supervisory mentoring is important in building intelligent careers. "Contingency Model of Leadership Effectiveness: Challenges and Achievements" (Roya Ayman) presents the validity studies of this model and clarifies the leader match concept. (YLB)

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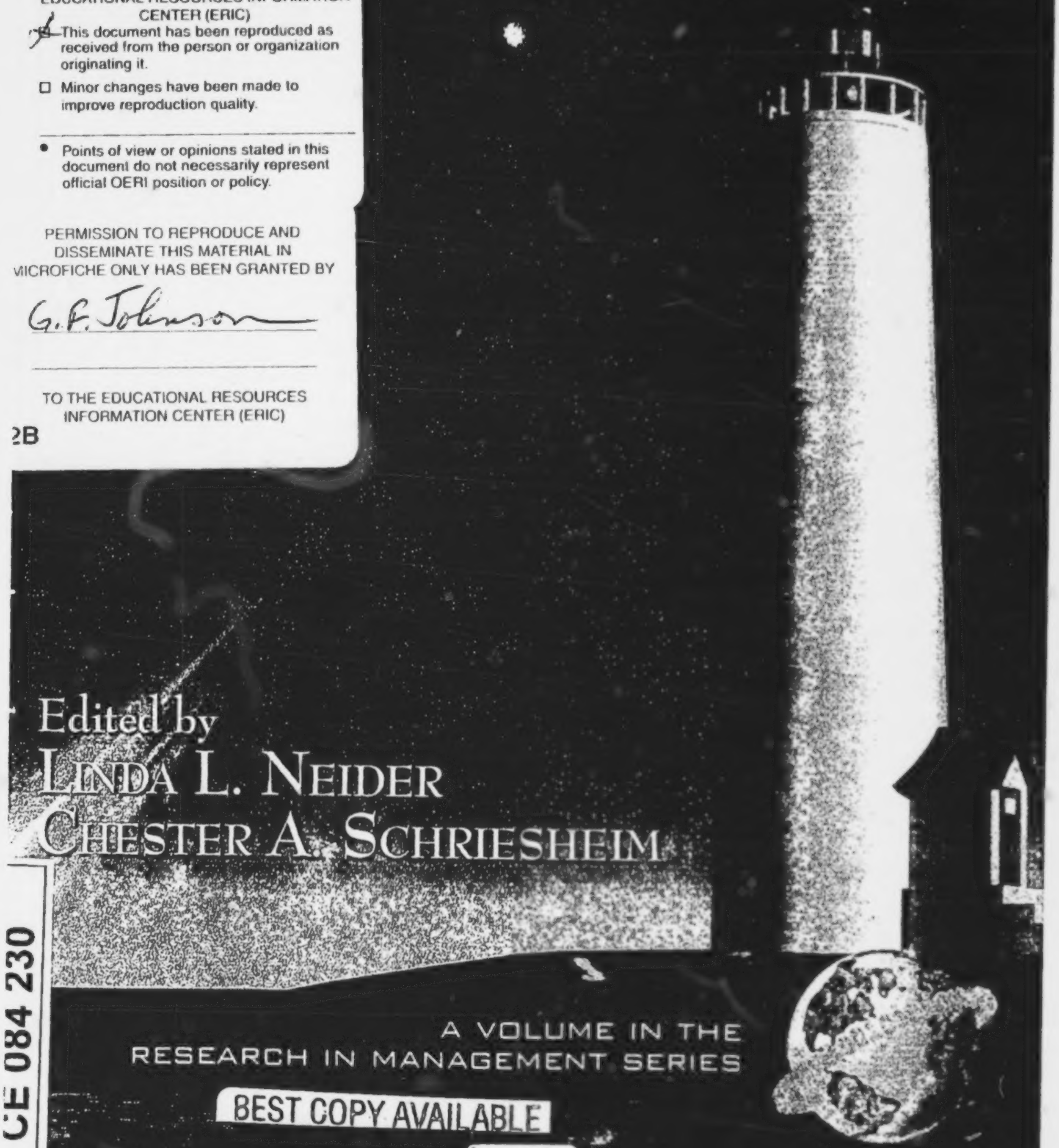

Edited by

LINDA L. NEIDER
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A VOLUME IN THE
RESEARCH IN MANAGEMENT SERIES

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FOREWORD

Linda L. Neider
Chester A. Schriesheim

Perhaps no other topic in the area of management has received as much interest or inquiry as the subject of leadership. Although the field has close to a century worth of research investigations, many of us still find ourselves fascinated with the conundrum of trying to figure out what this elusive concept involves. Thus, it seems only appropriate that we devote this volume of the *Research in Management* series to the field of leadership—a look at where it's been and where it seems to be going. We have included seven thought-provoking chapters highlighting creative, new looks at leadership as well as adept analyses of leadership theories that have already made major contributions to the field.

The lead chapter in this volume is a piece called "The Leader as Integrator: The Case of Jack Welch at General Electric," written by well-known management scholar Ed Locke. In this masterful chapter, Locke provides insight into a dimension of leadership that has not been discussed in any of the current or past perspectives of the field. Specifically, Locke utilizes the accomplishments of Jack Welch at General Electric (GE) to elucidate the importance of integration as a key component of leadership effectiveness. To achieve integration, a leader must be able to conceptualize the organization as a whole entity, developing internal and external processes that channel the entity's energy into organizational unity and focus. Locke makes a strong case that Welch aptly served as a master of integration at GE, communicating a clear vision, establishing core values, and structuring and tying functional areas and layers together. In addition, key human resource processes such as selection mechanisms, training, measurement, goals, and reward systems were then developed to further insure the organization's coordinated focus. The ideas discussed in this chapter help to illustrate the complexity of successful leadership and generate key principles for understanding how to manage the process.

The second chapter in this volume, by Yammarino, Dionne, and Chun, involves an extensive review of over 200 publications in the areas of transformational and charismatic leadership. After House's 1977 review on charismatic leadership, and Bass's 1985 monograph on transformational leadership, the organizational behavior literature was inundated with research dealing with these two topics. As Yammarino and his colleagues adroitly note, however, the bulk of such research has largely ignored the need for synergy between theoretical constructs and levels of analyses. In fact, their review of the literature finds that only about 9% of the 230 studies analyzed appropriately addressed levels of analysis issues. As the authors clearly stress, theory advancement in the area of transformational and charismatic leadership cannot take place until levels of analysis are incorporated into both theoretical conceptualizations and research methodology.

Another theoretical area that has dominated much of the published leadership literature in the past three decades is leader–member exchange theory. Chapter 3 is a resourceful review by Erdogan and Liden covering the most recent LMX literature. The authors note that although researchers have begun to explicate in more detail the antecedents and consequences of LMX, there are still a number of prominent research gaps. Just as Yammarino and his colleagues found with respect to transformational and charismatic leadership, there is clearly a need to explore level-of-analysis issues. In addition, contextual variables such as organizational and international culture need to be assessed in more detail. Based on their assiduous review, Erdogan and Liden have written a chapter that is an absolute "must read" for anyone contemplating research on LMX constructs.

One of the most widely cited conceptual theories of leadership is clearly path–goal theory. First elaborated in his seminal doctoral dissertation, Evans reviews the development of this theory, assesses the current state of research, and then goes on to raise a number of critical needs for future testing. As Evans deftly notes in this chapter, theoretical investigations to date have been overwhelmingly restrictive in terms of the types of leader behaviors studied, the dependent variables utilized, and the moderators analyzed. It is clear to those of us in management that the effective leader must be a highly proficient diagnostician. In fact, Locke's ingenious look at the leader as integrator, to a large extent, relies on the leader's ability to correctly diagnose and understand the key complexities of his/her organizational environment. As Evans states, however, additional research is sorely needed to clarify intervening and moderator variables to elucidate the linkage between leader behaviors and key outcomes. Only then will we be in a better position to understand some of the processes involved in these diagnostic skills. Evans goes on to point out that better scale development is also paramount to understanding and assessing the full utility of path–goal theory.

Evans makes the argument that more research should be done to assess when in the leader–subordinate relationship, influence may be at its highest point. This ties in well with Chapter 5, which specifically addresses the topic of influence mechanisms and leadership effectiveness. Written by Yukl and Chavez, the authors adroitly review research in the area of proactive influence techniques, then focus on three studies utilizing different methodologies to pinpoint influence tactic effectiveness. The authors raise a number of significant questions that must be addressed for future research in this field. Among these is the issue of how to combine various tactics to maximize leader effectiveness. As with path–goal theory, there is also a clear need for researchers to explicate more precisely the mediating processes explaining the differential effectiveness of various influence tactics. Just as key contextual factors must be identified with respect to LMX theory, Yukl and Chavez make the strong argument that contextual elements must also be looked at to determine under what circumstances different influence tactics should be used.

In Chapter 6 of this volume, Scandura and Williams take an interesting look at leadership as it relates to mentoring. Given the current economic environment of many organizations today, the authors make the strong argument that leaders may need to assume the role of interpreting new psychological contracts for employees. The leader as mentor may be able to more successfully help his/her protégés make the smooth transition to a new type of role arrangement or contract with the organization. Scandura and Williams, in fact, call for more research to better assess the role of the leader as a mentor in contexts where dramatic career changes, shifts in workplace mobility, and the rise of boundaryless careers have become the norm. Astutely, the authors also discuss the potential for training as the roles of leadership change in such volatile environments.

The last chapter in this volume takes a trip back into the past to review one of the most researched models of leadership in the 20th century: Fiedler's LPC model. Ayman, in Chapter 7, deftly reviews the history of what is often called the first contingency perspective on leadership. With over 50 years of research now available on Fiedler's model, the criterion-related validity of the approach seems to be well established. However, as Ayman points out, the model still leaves gaps in our understanding of the "black box" or processes involved in the interaction between a leader and his/her subordinates. Astutely, Ayman stresses that no one model of leadership or theory will be able to adequately address all of the complexities involved in this process. Fiedler's model, however, has stood the test of time on some variables, and perhaps, most importantly, has helped to give individual leaders a clearer awareness of their own and situational limitations.

It is our hope in bringing together this unique collection of chapters for Volume 2 in the Research in Management series that we have sparked additional insights into the field, and helped to stimulate creative ideas for future research in the area of leadership. We would like to again thank the Southern Management Association for their support, as well as Linda Sinkes and Susan Stearns for helping to organize this volume. Needless to say, we owe our loved ones—Paul and Rosie Sugrue, Linda and Joe Schriesheim and Syle Kinney—an enormous debt for their understanding and encouragement.

CHAPTER 1

THE LEADER AS INTEGRATOR

The Case of Jack Welch at General Electric

Edwin A. Locke

ABSTRACT

This chapter focuses on a somewhat neglected topic in the leadership literature: the leader's role as organizational integrator. Using Jack Welsh's actions at GE as an example, the chapter identifies various mechanisms and processes (which are not necessarily new in themselves) that leaders can use to make their organizations function as an integrated whole. These mechanisms and processes include: communicating a clear vision; establishing and enforcing core values; formal structuring; tying layers together; tying functions together; company-wide training; connecting businesses; using measurements, goals, and feedback; rewarding what's important; and selecting the right people. It is argued that integration entails, at root, reducing complexity to simplicity through the use of core principles.

Leadership, pages 1–22
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THE LEADER AS INTEGRATOR

I think many academics and most professionals have been rather disappointed in the theories of leadership that have been offered over the years in OB. Some are virtually incomprehensible, but most often they are simply narrow. They deal with a very small aspect of the leadership process and ignore the rest. Some do not deal with leadership at all but simply supervision.

THE PRECONDITIONS OF A LEADERSHIP THEORY

I have suggested elsewhere (Locke, in press-a) that the main cause of these problems is that we have not started in the right place. To start building a viable theory, we need to ask at least three questions:

1. What domain are we dealing with? Most writers move back and forth seamlessly between business and political leadership—and occasionally between both and military leadership. Although with the growth of government controls in a mixed economy, business leadership does become more and more political, there are still enormous differences between the first two. Political leadership is about popularity, image, verbal glibness, and appeals to various pressure groups; it is rarely focused on basic principles. The dependent variable is getting elected or getting reelected, the latter being determined in large part by how many political favors one can dole out. Business leadership is about profits and how to orchestrate the efforts of many hundreds or even hundreds of thousands of people to attain that outcome. To succeed in the long run, the business leader must apply scores of management principles, be essentially honest, and be concerned with substance rather than image. Few business leaders make it when they turn to politics and almost no politicians make it as business leaders after leaving politics. The domains are too different for the traits and skills to be readily transferable. Military leadership is more complex because during wartime there is a clear outcome goal, winning the war, but in peacetime there are many political elements involved. I am concerned here only with business leadership. Furthermore, I am focusing on top-level leadership, especially at the CEO level.
2. What does the concept of leadership mean? I define it as "the process of inducing others to take action toward a common goal" (Locke & Associates, 1991, p. 2). Again, I am referring here to business leadership. This definition would apply to military leadership in time of war but less well in peacetime, unless one defined the peace-

> time goal as "getting enough money from Congress to maintain military readiness." It is not clear that this definition would apply to political leadership, where the definition, at least in today's political climate of pragmatism, might be something like "creating an image that will get the support of enough special interest groups to get funding and get re-elected."

What tasks does business leadership actually involve?

THE CORE TASKS OF THE BUSINESS LEADER

In a previous paper (Locke, in press-a), I identified what I believe to be the core tasks of the top leader (some elements of some of these can be delegated, e.g., motivation at the lower levels):

- Formulating a vision for the company as a whole
- Establishing core values
- Structuring the organization
- Selection and training of employees
- Motivating employees
- Communicating
- Team building
- Promoting change

All this, in the end, has to lead up to making a profit, both in the short term and the long term.

The subject of this chapter is a topic that I have not addressed previously and one that I believe has not been addressed explicitly in OB theories of leadership. It is not even listed in the subject index of Yukl's (2002) overview of the leadership literature. The issue is that of integration; by this I mean not only tying the parts of the organization together, as in structuring or restructuring, but tying all the processes together so that they are not only consistent with one another but actively support one another. All of the above key leader tasks are also integrating mechanisms, but they have not typically been discussed from that viewpoint.

INTEGRATION

Given the number of complaints one hears about organizations working at cross-purposes to themselves, it seems that nonintegration is quite common. One reason integration may be uncommon is that it requires very difficult mental work.

First, it means paying attention to the issue of integration. It is not surprising that the issue is often neglected. CEOs are incredibly busy; there are virtually unlimited demands on their time. Integration, as a deliberate process, may not be their highest priority when they are fighting to respond to competitive threats in a dynamic and uncertain environment.

Second, integration requires being able to grasp the organization as a whole. This takes a high degree of intelligence, because one has to focus very broadly on a wide range of phenomena. Psychologists have shown that people can only hold in mind only about seven disconnected elements or units at the same time. Therefore one can only grasp a larger whole by a process of induction, which involves integrating myriad individual elements into broad categories. Some people are simply not very good at this.

Third, integration means grasping how the individual parts relate to each other and to the whole; seeing the trees is necessary. Seeing the forest is essential. But seeing how the trees make up the forest is also critical. Otherwise the forest may be seen as a floating abstraction disconnected from reality. (See Locke, in press-c, for a discussion of concept formation).

Nonintegration can actually take two forms. The various parts and processes can work independently of one another, each neither helping nor severely harming the other (e.g., two divisions going their separate ways). Or the parts and processes can actively contradict and undermine one another. In most organizations, there are elements of both types.

Given that the top leader is able and willing to perform the necessary acts of integration, what is actually involved? In the rest of this chapter I give a number of examples without any implication that I have exhausted the subject. I focus on General Electric (GE), because they, thanks largely to the genius of Jack Welch who created $300 billion in stockholder value in 20 years at the helm, have been a leader in showing how large, diverse companies can be integrated. (Rather than constantly citing the same GE references, I will list them as a group here: Lowe [1998]; Slater [1993, 1999, 2000]; Tichy & Sherman [1993]; and Welch [2001].)

How Do Leaders Integrate?

Communicate a clear vision. What I mean by vision is basically identifying what will make the company financially successful in the future (Locke, 2000). This involves determining the company's products, markets, technologies, or, more precisely, what business or businesses the company should be in. It also includes choosing a viable competitive strategy. The vision has to be forward looking; it has to identify what will work to make the company viable in the future.

One aspect of Welch's special genius was knowing what businesses GE should or should not be in. He got rid of scores of businesses because he believed that their future growth prospects were very limited. Some of these decisions, such as selling the small appliance unit that played a big role in GE's history, were very unpopular at the time but proved to be sound. Over the years, GE has acquired hundreds of other companies that he thought would have better prospects. Although he made some mistakes (e.g., Kidder Peabody), most of the time he was right. An example was NBC (then part of RCA) that many thought was a foolish acquisition but which became very profitable. What Welch saw was that it had not only a fairly strong position in its industry but also, by law, an absence of foreign competition. It is said that he had an uncanny ability to integrate all relevant information about a business and evaluate it accurately in a very short time. Many CEOs make it a matter of pride that they can make any business work no matter how poor its prospects seem—not Welch. Losers were not resuscitated but sold off.

Welch also had an enviable ability to decide what corporate initiatives to push at any given time. For example, he only pushed the pro-participation Work-Out program, to be discussed below, after the company had radically downsized, because he knew that it would not work if done earlier, especially when the company had so many layers.

However, having a vision that reflects the organization's core strengths and the market dynamics it faces can only guide successful action if the vision is held in common by its members. Thus, if the vision entails a low cost strategy, the employee actions implied by this will be different from the case of a vision with a high-quality strategy. If the vision entails innovation, then different actions are involved than if the vision stresses making the product a commodity. If the vision is unclear, people will set their own agendas—which may entail enlarging their own fiefdom's—but those agendas will not necessarily be the same.

For the vision to be an integrating mechanism, obviously it must be communicated throughout the organization. But not just this. Although messages that are inspiring are useful and important, as advocates of charismatic or transformational leadership attest (Bass, 1985), inspiration alone will not usually do the trick. A heightened state of emotion tends to be short lived and can be readily forgotten if not reinforced by other means. Longer-term commitment to the vision must be ensured by pertinent goals and measurements. If this is not done, the vision may just be treated as meaningless word sounds emanating from on high. Welch was a good communicator, especially through the mechanism of GE University. I will have more to say about goals, measurements, and GE University later.

There is a special form of *mental integration* that is critical to the implementation of a vision. This pertains to the issue of *integrating the short term* *with the long term.* Profit-making organizations have to focus on both short- and long-term considerations. If they do not succeed in the short term, there can be no long term at all. But if they focus too exclusively on the long term, they can be destroyed in the short term. The failure to integrate the two is a very common cause of corporate disasters. Most common is an excessive focus on the short term.

Here is a common pattern. A CEO feels great pressure to "make the numbers" to satisfy growth expectations of analysts and investors. He realizes that he cannot make the numbers following his core strategy. So he drastically increases the degree of risk and/or uses "creative" accounting to take actions that are technically legal but that inflate current earnings and hide expenses. The motive is to push problems into the future and focus only on the present. Unfortunately, reality eventually asserts itself and the future becomes the present. The risks fail, the company goes bankrupt, and the CEO's reputation is ruined. Enron is not the only company to have followed this pattern.

The failure to integrate present and future is typically caused by evasion, the refusal to take in facts that are relevant to the decisions being made. The facts are overridden by wish—"I want the results to be good right now; if I do not consider the future, it will not be real." One might call this tunnel vision, except that it sounds too innocent. Blind vision might be a better term, despite, or because of, the self-contradiction. The issue is not the inability to look ahead but the refusal to do so.

A cornerstone of Welch's philosophy was, "Face reality as it is, not as it was or as you wish it were" (Tichy & Sherman, 1993, p. 12). This principle is a precondition of integration of an organization's actions over time. An example of the application of this principle was the Nuclear Power division. They were convinced that they were going to grow by building new plants. Welch saw that their vision was totally divorced from reality since no new nuclear plants were being built or planned. He made them create a new vision that involved servicing existing nuclear power plants. In this, they were very successful.

Welch also warned about the other side of the present–future dichotomy: thinking only long term and just forgetting about getting results in the short term. His view was that long-term thinking is no excuse for short-term passivity. The two had to be balanced.

Establish core values. Profit-making organizations must have profit as their ultimate goal—even those that claim it is not. If profit is not their goal, they probably will not make any. But profit cannot be the core value; this would imply that profit could be made by any means. This could readily lead to dishonesty. A company's core values specify the means by which it will conduct its dealings. They specify the principles that will guide the company's actions as it attempts to make a profit. The core values can also include principles that specify proper internal actions, for example, all employees are to be treated with respect, reward on merit, and so on.

Examples of appropriate core values would be honesty and integrity, customer service, quality, and innovation. Arthur Andersen, for example, was founded by a man who put integrity first and refused to do business with companies that wanted him to do "creative" accounting. This value evidently has been lost by Andersen in recent years. There have been so many scandals involving companies that they audited (e.g., Enron) that now the very survival of Andersen itself is in question.

Core values have to come from the top (Locke, in press-b). If they came from below, everyone would have different values and, as in the case of vision, there would be chaos. Core values are established by both word and deed, and specifically by integrating word and deed. The deeds include role modeling by the leader and by the top managers; hiring, promoting, and rewarding only those, over and above getting performance results, who embody those core values, and dismissing those who flout them; and not doing business with individuals or companies that require them to abrogate their values as a condition of doing business.

If values are widely shared in an organization, in both word and deed, then this defines its culture. However, having shared values or a strong culture by itself is not sufficient. They have to be the right shared values. For example, companies in which the top executives share the value of dishonesty will not succeed in the long run. And values that once worked but that are no longer suitable to the market (e.g., a large bureaucracy with clear rules and regulations, such as the old IBM or AT&T) can lead a company to ruin.

Here is the list of the core values of BB&T, a growing and financially very successful regional banking company on the East Coast (Locke, 2000):

- Fact-based decision making (based on reality)
- Reason (specifically, objectivity)
- Independent thinking
- Productivity
- Honesty and integrity
- Justice
- Pride
- Teamwork
- Self-esteem

These values are stressed in hiring, during training in performance appraisals. These core values are focused around moral virtues based on Ayn Rand's (1992) epic novel *Atlas Shrugged.*

The GE core values under Welch also include moral principles but also traits and actions:

- Integrity (including honesty)
- Passion for excellence
- Openness to new ideas
- Dedication to high quality, low cost, and speed
- Self-confidence
- Communication of a clear, simple, reality-based vision
- Energy and a talent for energizing others
- Stretch goals and rewards
- Viewing change as an opportunity
- Global focus

Regarding the issue of integrity, GE did have its share of scandals over the years, though not many for an organization of its size. But Welch always took rapid steps to make amends, remove any dishonest employees, and put procedures in place that would prevent the problem from occurring again.

It is very difficult to change an established organization's culture. Often it comes at a painful price, as it did at GE, for example, laying off many people wedded to the old culture and bringing in new people; changing job descriptions, changing pay systems, changing reporting relationships; training new skills; and so on. Again, integration between systems is needed.

Tie parts together through formal structuring. Structuring is perhaps the most obvious method of integration. Actually it involves two processes: differentiation and integration (Lawrence & Lorsch, 1969). The second follows the first, although they typically occur cyclically. Once the units are separated, they need to be tied back together so that the company functions as a whole. The more an organization is differentiated, the greater the need for integration. On the other side of that coin, the better an organization is at integration, the more it can be differentiated.[1] Structuring is a difficult process to carry out. Most organizations are continually restructuring to meet new competitive realities.

Structuring starts with grasping similarities and differences: what products or services are most alike? Also relevant are questions like what products or services are common to the same customers? Which involve the same production facilities? Marketing techniques? Price ranges? Geographical areas? Organizations are constantly combining and/or segmenting to improve efficiency and customer service.

The great centralization versus decentralization debate never ends because there are advantages and disadvantages to each. Centralization saves money and allows coordinated relationships with customers. Decentralizations allows more empowerment and faster response time. Some firms centralize some functions (e.g., finance, accounting, human resources) and decentralize others (e.g., marketing, sales).

A recurring issue involves the number of units a company will have. The problem with too many units is that they cannot be grasped as a whole and thus cannot be coordinated. For example, when Jack Welch took over GE in 1981, it consisted of 350 separate businesses and a much greater number of product lines. After selling off the weak product lines, he initially combined the remaining units into 15 business units and classified those into three broad divisions:

> Core: lighting, major appliances, motors, transportation, turbines, and contractor equipment
> High Technology: industrial electronics, medical systems, materials, aerospace, and aircraft engines
> Services: financial, construction and engineering, information services, and nuclear

These businesses had to be #1 or #2 in their industries. (Some of them, like Aerospace, were later sold off.) Observe that this grouping is mentally graspable.

Integration does not preclude subsequent differentiation based on the development of new businesses and acquisitions. GE's finance unit (later called GE Capital), for example, is composed of 28 different businesses. This differentiation in turn raises further integration challenges. This includes the wider issue of how, if possible, to integrate the 13 business units themselves. I will say more about this below.

Welch wanted GE to be a boundaryless organization. Where do organizations have boundaries?

- Between layers within the organization
- Between the company and customers and suppliers
- Between functions
- Between businesses

Welch used a variety of procedures to break down these boundaries.

Tie layers together. Layering is a differentiating process. People are separated based on degree of authority and responsibility. When Welch took over, GE had 29 managerial layers. A large number of levels causes enormous problems of communication and decision making. Ideas may or may not get passed down from the top and if they do, the form of the original idea may be totally altered. Ideas rarely get passed from the bottom up to the top and those that do are usually altered beyond recognition. Furthermore, the greater the number of layers, the slower the information flow and the more slowly decisions get made.

The simplest way to improve communication between layers is to delayer, that is, decrease the number of levels. Thousands of organizations, including GE, have done that in the last two decades. It is much easier to transmit information between the six layers that GE ended up with than the 29 it started with. But delayering does not fully resolve the problem. Some layers still remain.

Academics love to announce or even urge the end of the hierarchical form of organization, but I submit that, despite the massive delayering that we have seen, the end of hierarchy is *never* going to happen. There are two reasons, neither of which the egalitarian types want to acknowledge. First, some people are more motivated and able than others, and it would destroy their motivation and negate their ability to put them on an equal footing with those who are less motivated and able. Second, an organization cannot survive unless someone makes the final decisions regarding key issues (Locke, in press-b) such as vision and core values. An organization cannot have 20 or 200 or 2,000 or 20,000 different visions, any more than it can have that many cultures. This would lead to anarchy and chaos.

The particular number of levels an organization should have will depend on many context factors (e.g., size, span of control, competitive landscape), but I argued above that there will always be levels. So the problem remains how to tie the levels together. This can be done through specific organizational processes. At GE it was done through Work-Out, a company-wide process mandated by Jack Welch. He initiated it out of frustration that the downsizing and delayering that he had brought about had not changed the top-down culture of the organization.

Outside facilitators were used to start the process. Units of 20–100 people were called together with their manager. Subordinates were broken into groups of about 10 and worked together for 2–3 days on such issues as eliminating reports, the structure of meetings, the relevance of various measurements, and the need for managerial approvals. At the end of the third day, they presented their proposals to their manager and the manager had to (a) agree with the proposal on the spot; (b) reject it; or (c) ask for more information. The great majority (about 75%) were accepted on the spot. Many of the suggestions saved the company a great deal of money. Every action item had a champion and a deadline. All (c) items had to be followed up and everyone informed of progress. Virtually everyone in the company had to go through the process, and it was revived again nine years after it was first mandated.

The goal of Work-Out was to break down the barriers between employees and their managers; thus it was a form of empowerment that allowed employees to better use their knowledge and skills and also a method of integrating layers in that they were working more in concert.

Examples of beneficial results of the Work-Out initiative include:

- Reducing the number of signatures required for each issue of a plant newspaper from seven to zero;
- Reducing wasted time by equipment operators by putting boxes of extra gloves next to their machines rather than having them go to the supply room and sign them out;
- Allowing machinists to help purchasing design new machines, reducing cycle time by 80%;
- Allowing assemblers to work with suppliers to correct problems with faulty screws.

Readers will recognize Work-Out as closely related not only to empowerment but also to participative decision making (PDM) or participative management that has been touted for decades. Research suggests that the real benefits of PDM are cognitive (information sharing) rather than motivational (goal commitment; Locke, Alavi, & Wagner, 1997). The unique aspect of Work-Out, however, was that it was not just touted verbally—which almost every organization does—it was required by the CEO and was implemented by a specific process across the entire organization.

Work-Out was expanded to include sessions with suppliers and customers. Many of them had considered GE to be arrogant and difficult to work with. Work-Out enabled them to work together more efficiently.

Tie different functions together. When an organization is structured around functions, each function tends to view itself as an autonomous unit and to ignore or even compete with other units for resources and influence. They also tend not to understand the goals and concerns of the other units. And they all blame each other when a product fails. One now widely used, and widely successful, antidote is product teams. All relevant functions are represented on the team, and they coordinate their activities from the outset so that the functions mesh. For example, engineering and manufacturing will cooperate in the design of the product to ensure low cost and high product quality. Both will cooperate with marketing to ensure customer acceptance and satisfaction.

GE, of course, did not invent this procedure but they seemed to have used it even though it is not often discussed in any of the books. Welch also would often move people from one functional area or one business to another to broaden their skills and because he thought they had enough talent to do many different things. Bob Wright, for example, was originally a lawyer but was moved to plastics, then to housewares, then to GE Capital, and finally to head of NBC. He was very successful in each position. Such movement does not guarantee integration, but it does mean that many people in one business will have a good understanding of other businesses, which yields the potential for cooperative effort when needed.

Institute company-wide training. It goes without saying that companies need to train their employees in the skills needed to further their competitive strategy. But in a somewhat unique approach, GE used company wide training not only to change its top-down culture, as noted earlier, but also to further its other initiatives such as Six Sigma, used to improve quality and thereby cut costs. As in the case of Work-Out, Six Sigma was mandated as a company-wide program. The idea for it came partly from its own surveys of employees, partly from customer complaints, and partly from the encouragement of former GE executive Larry Bossidy, who ran Allied Signal and had used it profitably in his company.

GE hired 3,000 new people to do the training. The program was championed by senior managers—there were about 7–10 champions per business—who defined the initial projects, funded them and underwent training themselves. The program was then driven by three "warrior" classes. Master Black Belts were full-time teachers who, after two weeks of training, mentored 10 black belts. Black Belts, after their own training, were full-time team leaders and had to complete two major projects and get at least a 50% reduction in defects. Welch estimates that by 2003, 40% of GE top executives will be Black Belt trained. Green Belts were trained and then worked part time on Six Sigma projects.

The program was expanded each year. In 1996 there were 3,000 projects. By the end of 1998 37,000 Six Sigma projects had been completed. One example was the billing system for light bulbs that had caused serious conflicts with Wal-Mart, one of GE Lighting's biggest customers. A Six Sigma team produced a decrease in the number of billing problems by 98%. GE Appliances designed a new washer that was 60 pounds lighter and required 50% fewer parts than the previous model. GE Mortgage, a division of GE Finance, virtually eliminated the 300,000 calls that were answered by voice mail rather than a real person. The Medical Systems Division designed a chest scan that reduced the required time from 3 minutes to 17 seconds. This was the first GE product that was designed using Six Sigma principles. Medical systems also designed a new tube for a CT scanner that increased its useful life from 25,000 to 500,000 scans. Aircraft Engines reduced assembly time from 6 to 3 days.

As part of the Six Sigma program, the company required the leaders to take various measurements (to be discussed later), including measurement of customer satisfaction. In one survey they found that reducing the mean delivery time of a product was not enough. The customers also wanted reduced *variance* in delivery time.

The advantage of making the initiative company-wide rather than local was that all employees could speak in a common language and were following a common strategy.

The program did something else that was unusual for a large conglomerate: it helped the businesses to help each other as well as themselves.

It is estimated that the Six Sigma program produced $170 million in savings in 1996, $320 million in 1997, $760 million in 1998, and $1–1.5 billion in 1999. Apparently the savings have continued to increase since then.

More recently the company has been pushing into e-business. To jump start that, Welch had the top 3,000 managers in the company get mentors who would train them in the intricacies of computers, the Internet, and e-business. It is not yet fully clear how successful this push has been.

Connect the businesses. Most conglomerates whose units are in very different businesses do not achieve much in the way of synergies. In fact, companies who are in one or only a small number of businesses with widely separated locations often have a desperate time just getting synergies across units doing essentially the same thing (e.g., in the United States vs. foreign countries).

At GE Jack Welch developed a specific mechanism to get such synergies. It was called the Corporate Excellence Council (CEC). It had about 30 members, including all the business heads, three vice chairmen, Welch, and various staff members. The CEC met for two to three days each quarter. Aside from financial reports, the purpose of each meeting was for the business leaders to report new discoveries and new developments that might be of help to other businesses. Ninety percent of the discussion in these meetings involved how the ideas presented by a given business leader might be utilized by other business leaders. Leaders were encouraged to have their managers visit successful plants run by other businesses. In short, there was very much of an action focus. Many valuable, transferable ideas came out of these meetings:

- When the Major Appliance unit had a fiasco due a faulty new compressor for refrigerators, they got help from the Aircraft Engine and Power businesses, both of which had extensive experience in compressor design;
- Medical Systems, as part of Six Sigma, developed a remote monitoring capability for its CT scanners, which was then adapted by the Aircraft, Locomotive, and Motors units for their machines;
- Imagery technology from Medical Systems was adapted by the Engine division as a means of inspecting jet engines;
- Machining and coating technologies developed by the Engine division were used by the Power division to design generators;
- Emissions control technologies were shared by Power, Aircraft, and Locomotive divisions;

- The director of GE transportation revealed that he had found that former junior military officers were a great source of talent and other businesses proceeded to recruit from that same pool;
- All 13 businesses shared a mutual fax network to track vendor pricing changes;
- A manufacturing executive developed a matrix to help other plants rate their own progress in converting their plants to "best practices."

Welch called the result of the CEC committee and its associated practices "integrated diversity" (Slater, 1999, p. 96).

The integration of businesses was not confined to CEC meetings. One of GE's most prescient moves was begun even before Welch became CEO: the start of the finance division (GE Capital). When he was a vice president, he further pushed the growth of this division and did so even more aggressively after he became CEO. In addition to becoming GE's most important source of profit in its own right, this unit helped foster sales by other units, such as Aircraft Engines and Power Systems, by arranging financing for their customers. Because finance and the other units were from the same company, there were no fundamental conflicts of interest. Furthermore, the units had extensive knowledge of each other's capabilities and needs and thus could work closely together to satisfy customer requirements.

Use measurements, goals, and feedback. In many organizations, the CEO sets overall performance goals for the company as a whole, for example, sales, profits, and market share. Goals below this level are delegated but designed to support the company goals. This, at least in theory, helps ensure that everyone in the company is working toward the same ends.

Trying to understand GE's goal-setting system is somewhat difficult because Welch's statements are not always clear on this issue. Welch said on occasion that he did not manage by the numbers when it seems quite clear from other information that he did. What he seemed to mean by that statement was (a) that he did not expect every business to have the same goals as every other, since market conditions are different for each, and (b) that he did not want business leaders to negotiate for fixed, minimum goals in order to make themselves look good. But Welch was very demanding and he did expect every business leader to stretch for the seemingly impossible as a way of motivating them to change and improve their businesses in every way possible. He did not mind if they missed stretch targets as long as they were making continual progress.

Furthermore, Welch helped provide his executives with specific *methods* for attaining financial and other goals, that is, task strategies (Locke & Latham, 1990). During the first decade of his leadership the corporate emphasis was on downsizing, delayering, cost reduction, and productivity improvement. This enabled the company to increase profits even when they could not get sales increases during slow economic times. During the second decade, Welch pushed Work-Out and Six Sigma, as well as globalization and e-commerce, as company-wide methods of improving profits. More recently the stress has been on Digitization (paperless management).

Goals and measurement were used extensively to track the progress of corporate initiatives. For example, business leaders had to report how many of their employees had been through the required programs until the figure reached a very high percentage. Each recommendation made by subordinates at Work-Out meetings had a deadline. All postponed decisions had a specific follow up date. One measurement taken from employees after Work-Out had been implemented was whether they thought their ideas counted. Eighty-seven percent said yes, an unheard-of number for a large organization. This revealed that the program had really worked.

GE corporate had done a study of best practices by studying companies all over the world. Welch ordered it to be incorporated into the Work-Out program. One of the measurement ideas taken from the best practices study was, as noted, customer satisfaction ratings.

During the Six Sigma program, the company required five types of measurements to be taken:

- Customer satisfaction ratings
- Cost of poor quality as percentage of revenue
- Supplier quality: vendor parts and on-time delivery
- Internal performance: defects as percentage of total produced
- Design for manufacturing: percentage of products that used Six Sigma principles in the design process.

Goals were typically tied to these measurements. For example, customer satisfaction ratings were to be no less than 4 on a 5-point scale. Furthermore, Welch often set corporate goals that each business was supposed to help reach, for example, the amount of savings to be gained from Six Sigma programs.

Reward what's important. It is an organizational axiom that people should be rewarded for doing the right thing, but often this does not happen. The company often says it wants people to do A but rewards B, as Steve Kerr (1975) pointed out many years ago. It is treacherously difficult to make a reward system work effectively. Rewards are a differentiating mechanism, but their goal is to align people with the organization's vision, core values, and goals. Steve Kerr worked for GE for many years as director of the leadership education center at Crotonville and apparently made Welch aware of the reward issue, because Welch said that, "The most important thing I do as a leader is align the kind of rewards I give out with the kind of behavior I want" (Slater, 2000, p. 39).

One of the difficulties was spotted by Welch early in his tenure as CEO. Some people attained good numbers but did not adhere consistently to GE's core values, for example, they might not be consistently honest or refused to listen to their subordinates' ideas. At first this seemed to present a dilemma, but eventually Welch made the decision to let these people go, along with those who shared the values but who consistently failed to produce results. The ideal manager was one who got results and adhered to the GE value system.

Many companies do not act this way. If the manager gets the numbers, the means by which he did it may be overlooked. Sometimes the CEO deliberately tries not to find out how the goals were achieved. If this process is followed repeatedly, the many shortcuts that managers take can later harm the company. In the worst-case scenario, the entire managerial culture can become dishonest (e.g., Enron).

Welch insisted that every employee be rated as an A, B, or C player. A's (top 20%) were stars and got the largest raises and bonuses and also stock options. B's ("middle" 70%) were excellent employees and possible future A's. They received bonuses and some got stock options but the rewards were less than those of the A's. C's (bottom 10%) were less able employees whom Welch kept pushing his managers to let go. They received no raises or bonuses. GE initially used 360-degree appraisals but later found that peers were making secret deals to rate each other high, so dependence on that method was reduced.

Welch's method of giving rewards can best be described as contextual. There was no one-to-one relationship between profit as such and size of bonus (adherence to core values aside), although this was very important. Many factors were considered, including productivity and cost improvements, and business performance in relation to industry peers. For example, at a given time, the market for locomotives might have collapsed due to a recession, but Welch would give credit if during that period the managers of that business used the lull to cut costs, improve their product, and get ready for a future market upturn. In other words, Welch did not look just at bottom-line results but also at behaviors, including progress in the Work-Out Program; progress in the Six Sigma program, idea sharing, inventory turns, teamwork, and change. For example, at one point 40% of managers' bonuses were based on their progress in getting results from Six Sigma. For the top managers, total reward was, in the end, based on Welch's judgment, based on all the information he had available of the totality of actions and achievements given the business context in which they were working. However, if managers took all the right actions but did not eventually achieve good bottom-line results, that would count heavily against them. Financial results were weighted very heavily. The point was that the actions had to be orchestrated, that is, integrated, by them so as to make profits.

It is notable that Welch spent a very large proportion of his time on personnel issues. He was personally involved, with help from extensive staff work, in evaluating, and had final approval over decisions regarding every one of the company's top 500 managers, including deciding on their promotions and rewards. He believed that having top quality people was even more important than vision in that less able and energetic people would not be able to implement a vision, successfully even if it were "right," whereas the top people could not only discover suitable visions for their businesses but could implement them successfully. He considered *people* to be GE's core competency.

Select the right people. An integrated organization needs to hire people who fit its culture and skill requirements. There has been considerable discussion of fit in the literature (e.g., Kristof, 1996). It is surprising, however, that virtually nothing has been written about the procedures GE used to hire people from the outside, except the fact that the process was rigorous. This may have been because the books about GE focused on Welch, and, as CEO, he apparently was not involved in that process unless the position of senior manager was involved. Even before he was CEO, however, he discovered "how much my success would depend on the people I hired. From my first days in plastics, I understood the importance of getting the right people" (Welch, 2001, p. 53).

We can get some idea of what he must have looked for in hiring from what has been written about the requirements for being promoted at GE, especially within the managerial ranks. Here Welch looked for "the 4 E's."

The first E was energy. Welch thought this was the single most important trait in a leader. "Eventually [before becoming CEO] I learned that I was really looking for people who were filled with passion and a desire to get things done" (2001, p. 54). Elsewhere, I have used two terms to describe what Welch means and that I found were core traits of great wealth creators. The first is "drive" (Locke, 2000), which I defined as a combination of ambition, high self-set goals or standards, stamina, energy, and tenacity. The second is "egoistic passion," which I defined as a personal, selfish love of the work.

Welch's second E was energizer, the ability to get others excited and enthused and that, in great part, reflects one's own passion. This quality is often mentioned as an element of transformational leadership (Bass, 1985).

The third E is edge, a conglomerate trait that includes competitiveness, speed, confidence, tenacity, and technical competence. Welch put great store on self-confidence (note that it is in the list of core GE values), by which he meant essentially the same thing as Bandura's (1997) concept of self-efficacy. He saw that when managers lost their self-confidence, they became ineffective. Another side of this coin was having the confidence to hire other able people. Welch said, "you've got to have the self-confidence to hire brilliant people, many times smarter than you are sometimes" (Slater, 1999, p. 40).

The fourth E is execution. The first three E's have to be orchestrated so that the manager will get bottom-line results. Having energy and confidence are useless unless they lead to practical results.

In addition to these traits, Welch also looked for integrity (a core GE value), the ability to listen, teamwork (including the willingness to share knowledge), the desire for continual learning, and having a global focus. Here is what he has to say about one manager who did not get ahead: "this person won't talk with people in engineering and manufacturing. He won't share ideas with them, and won't behave in a boundaryless way with them" (Slater, 1999, p. 36).

It is not clear how well one could measure any or all of the above traits in a young person coming out of college or an MBA program. Energy, for example, would probably be easier to spot than execution since a student might not have had a previous opportunity to run a profit-making unit.

It should be clear by now that Welch was very committed to human resource development. He made sure that managers were not only carefully selected but also well trained, including at "GE University" at Crotonville (see below), that they had ample opportunity to be challenged on the job, and that they got at least annual feedback on how they were doing and what they needed to do to advance further. Continual learning was stressed very strongly.

CONCLUSION

It should now be clear why integration is hard. There are so many things that need to be tied together, not only at any given time but also over time. It should be clear from what I have said that Welch made very extensive use of his legitimate power to achieve integration at GE. I have argued elsewhere (Locke, in press-b) that for certain leadership tasks, the CEO must make the final decisions (e.g., company vision, core values, top management team selection, company-wide initiatives) to ensure organizational unity. Sometimes Welch would start a corporate initiative with volunteers, but he would always end by making it a requirement. Once an initiative was mandated, everyone had to do it and there were measurements of what they did and how well and rewards were given accordingly. Over the years there was considerable turnover among GE managers; some left, some were let go. The ones that stayed were extraordinarily able. In the end, the integrating mechanism was Jack Welch himself. He was able to do it because he had not only an extraordinary business mind but also enormous passion and energy. Not everyone has these qualities, which is why not everyone is a successful integrator.

I would describe Welch's key traits as follows:

- Reality focus: he never put wishes ahead of facts or evaded problems or the consequences of his actions to get a short-range benefit. An aspect of this was that he never assumed he knew everything; if he made a mistake he admitted it, and if someone proved him wrong he accepted it.
- Moral character: honesty was a core trait of the company because it was a core trait in himself.
- Energy: he loved his work and projected a fiery energy that could overwhelm people. He listened to others, but when he decided something had to be done he was relentless in seeing that it got done.
- Intelligence and reasoning ability: Welch's intelligence was not just academic. He could grasp the essentials of a business very rapidly and accurately.
- Strategic vision (this is an aspect of his intelligence): he had an extraordinary capacity to identify which businesses were good to be in and which were not. He also knew which company initiatives to promote and when.

It should not be assumed from the fact that Welch used his power so relentlessly that he never listened to anyone. Just the opposite, although he could be intimidating, he was very open to new ideas. He was actually delighted to "steal" ideas from other sources. One of them was Wal-Mart, from which GE adapted an inventory control system. He was convinced by a colonel at the Army War College to revise his #1, #2 strategy, because it motivated managers to define their markets very narrowly so that they could be sure to stay on top. This prevented them from enlarging the scope of their businesses. This helped the push by the various businesses into services (e.g., servicing power plants or aircraft engines). Welch developed a special committee of service leaders from the different businesses that met regularly and shared ideas. Welch got the ideas for both Work-Out and Six Sigma from employees and/or outsiders. He looked closely at annual employee survey results to see how well company-wide initiatives were taking hold. He communicated almost daily with business heads and staff people. He made GE into a genuine learning organization by constantly learning himself and pushing employees to gain new skills and constantly improve every aspect of the business.

I did not write a separate section on communication because it was entailed in everything he did. Welch also had a special means of communication: "GE University" in Crotonville, New York. This management development institute was founded by previous CEO Ralph Cordiner in 1956. From 5,000 to 6,000 managers go there for training every year. The courses are all customized for GE and are focused on practice. Courses are also given at the separate business units but leadership is taught only at Crotonville. Welch would teach there about twice a month for three to four hours a session. The sessions were very interactive and included taking questions from the audience and also asking the managers questions, so that Welch was able to get feedback about whether his messages were getting across and how various programs were progressing.

It must be made clear that Welch's ideas and procedures cannot be copied blindly by other companies. Jacques Nasser tried to do this at Ford and failed ignominiously. Every company is unique and every change has to be done within the context of a given company's history, future needs, and competitive situation. This is another aspect of integration: What needs to be done in this organization right now *in the context of all relevant facts about it*?

The three major things that can be learned from studying GE are, first, that large, diverse companies can be integrated; second, that there are specific methods that can be used to do it; and third, that the results can be very beneficial.

GE had enough initiatives that one might think Welch's constant promotion of programs would lead to cognitive overload and hence confusion. However, this was not the case. First, Welch was very careful about which initiatives he pushed. Second, he rarely pushed more than one at a time; when he did he would combine them, for example, Work-Out was revived to help push Six Sigma and e-business and digitization were related. Third, over his 20-year tenure, he only pushed about five or six different initiatives: downsizing, Work-Out, Six Sigma, e-business, digitization, and globalization. (Globalization was actually more of an ongoing strategy than a separate program.) This allowed time for each one to be taken seriously and to be institutionalized before the next one was started.

One of Welch's most striking abilities was the ability to get simplicity from complexity (Locke, in press-c). He did this by omitting irrelevancies and getting to the core of every issue. This ability is fundamental to integration. Complexity as such cannot be integrated and certainly cannot be communicated coherently; it is essentially chaos (cf. GE's original 350 businesses). One can only achieve simplicity by tying together disparate parts and disparate ideas into smaller, simpler units or ideas.

It is worth observing that no particular initiative that GE pushed was particularly original. Many or most of their ideas were borrowed. They did not invent any new leadership theories. What was original was the integration: pushing systems throughout the organization; tying all the processes, units, and layers together and doing it in such a way as to get bottom-line results.

This is what made them the envy of the corporate world. I have argued elsewhere (Locke, in press-c) that future leaders need to be taught to deal with complexity by learning to think in principles.

One final observation. Integration, as noted earlier, does not guarantee organizational success. The organization has to be doing the right thing—that is why vision is primary. If an organization is going off track, rebels who push for temporary disintegration by disagreeing with the vision may be valuable—but usually they are fired or quit in disgust. That is why there is no substitute for a great leader. It is not the case that every great leader from now on must be an exact Jack Welch replica. Rather, what can be learned from studying his tenure at GE are not concrete procedures to be imitated blindly, but rather principles that can be used elsewhere, and, specifically, the principle of integration.

NOTE

1. The author is indebted to Dr. Anil Gupta for this observation.

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CHAPTER 2

TRANSFORMATIONAL AND CHARISMATIC LEADERSHIP

A Levels-of-Analysis Review of Theory, Measurement, Data Analysis, and Inferences

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ABSTRACT

The purpose of this chapter is to present a comprehensive, qualitative, narrative review of the literature on transformational and charismatic leadership with an explicit focus on levels-of-analysis issues. Over 230 conceptual and empirical publications (i.e., books, book chapters, and journal articles) in these areas of leadership are reviewed and coded in terms of the degree of appropriate inclusion and use of levels of analysis in theory formulation, construct/variable measurement, data analytic techniques, and inference drawing. In general, while the literature on transformational and charismatic leadership is vast and growing, levels-of-analysis issues are often ignored, misspecified, misused, or abused. Only a few studies have addressed levels-of-analysis issues appropriately in theory, measurement, data analysis, and infer-

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ence drawing. Implications for future research and advancement of study in the field are discussed.

INTRODUCTION

Beginning with the theoretical work of Downton (1973) in sociology, House (1977) in management and psychology, and Burns (1978) in political science, a new genre of leadership—transformational and charismatic leadership—was born. While the history of charismatic and transformational leadership can be traced to Weber (1924/1947), these more recent authors removed the mysticism or divine quality of such leadership in their theoretical work, making charismatic and transformational leadership theory more scientifically assessable and testable.

Bass (1985b) integrated this prior work into a more comprehensive theory of transformational and charismatic leadership and provided the first real scientific empirical test of the ideas (Yammarino, 1993). Since that time, there have been hundreds of empirical studies of transformational and charismatic leadership. With some notable exceptions (e.g., Avolio & Yammarino, 1990; Waldman & Yammarino, 1999; Yammarino, 1994, 1996; Yammarino & Bass, 1990, 1991; Yammarino & Dubinsky, 1994; Yammarino, Dubinsky, Comer, & Jolson, 1997; Yammarino, Dubinsky, & Spangler, 1998; Yammarino, Spangler, & Bass, 1993), however, these studies typically have not specified theoretically, nor tested empirically, the level(s) of analysis at which the theory holds or its constructs and relationships operate. As such, the alignment of theory and data in terms of levels of analysis (Dansereau, Alutto, & Yammarino, 1984; Dansereau & Yammarino, 1998a, 1998b, 1998c, 1998d, 2000; Dansereau, Yammarino, & Kohles, 1999; Yammarino & Dansereau, 2002) is often ignored.

Levels of analysis are the entities or objects of study about which we theorize, and are integral parts of the definition of constructs, operationalization of measures, and empirical tests of theoretical associations (see Dansereau et al., 1984; Dansereau & Yammarino, 2000; Dansereau et al., 1999; Yammarino & Dansereau, 2002). In the field of leadership research, the key levels of analysis are individuals or persons (independent human beings), dyads (two-person groups and interpersonal relationships), groups (work groups and teams), and organizations (collectives larger than groups) (see Dansereau et al., 1984; Dansereau & Yammarino, 1998a, 1998b, 1998c, 1998d; Yammarino, 1996; Yammarino & Bass, 1991).

Given the above, the purpose of this chapter is to present a comprehensive, qualitative, narrative review of the literature on transformational and charismatic leadership with an explicit focus on levels-of-analysis issues. In particular, over 230 conceptual and empirical publications (i.e., books, book chapters, and journal articles) in the realm of transformational and charismatic leadership are reviewed and coded in terms of (1) the degree of appropriate inclusion of levels of analysis in theory and hypothesis formulation; (2) the extent to which levels of analysis are represented appropriately in the measurement of constructs and variables; (3) the degree to which levels of analysis are addressed in data analytic techniques; and (4) the extent to which theory and data are aligned from a levels-of-analysis perspective in drawing inferences.

Such a review and analysis of the transformational and charismatic leadership literature seems important for at least three reasons. First, given the vast and growing literature on transformational and charismatic leadership, it appears to be an appropriate time to "take stock" of this work. This is especially critical since so little of the research in the area explicitly focuses on multiple levels-of-analysis issues. Second, such levels-of-analysis examination is critical prior to conducting any comprehensive meta-analysis of transformational and charismatic leadership, which must, at a minimum, account for specific individual-level, within-organization, *and* organizational-level population parameter estimates (see Ostroff & Harrison, 1999). Third, only by fully incorporating levels of analysis in theory, measurement, data analysis, and inference drawing can a more comprehensive, integrative, and testable theory of transformational and charismatic leadership result (see Dansereau et al., 1984; Dansereau & Yammarino, 1998a, 1998b, 1998c, 1998d, 2000; Dansereau et al., 1999; Yammarino, 1996; Yammarino & Dansereau, 2002).

In fact, Dansereau and Yammarino (1998c, 1998d) suggested that transformational and charismatic leadership may be primarily a "leader style." From a levels-of-analysis perspective, this implies an individual differences view of leaders and that leaders display a consistent style of leadership toward a group of followers, but these styles differ from leader to leader. This idea followed from the earlier work of Yammarino (1996), who indicated that transformational and charismatic leadership often seemed to be conceptualized and operated like an Average Leadership Style (ALS) approach (see Dansereau et al., 1984). Yammarino also indicated that other levels of analysis were plausible in this arena, and subsequently demonstrated the viability of alternative levels of analysis for transformational and charismatic leadership (e.g., Yammarino & Dubinsky, 1994; Yammarino et al., 1997, 1998).

Consistent with this latter view, we found multiple levels of analysis were plausible in theory, measurement, data analysis, and inference drawing about transformational and charismatic leadership. As such, we sought to complete a comprehensive analysis and coding of these issues in the transformational and charismatic leadership literature. Our review is not completely comprehensive, however, as we have purposely avoided an assessment of many unpublished papers, unpublished dissertations, and some published articles in what the field might perceive as "hard to locate" journals. We have focused our review on major books, significant compendia, and mainstream journal article publications. Moreover, our review begins in the charismatic arena in 1977, the date of House's major theoretical article on charismatic leadership. This was the first publication to assert testable propositions for management and psychology scholars. In the transformational arena, we begin the review in 1985, the date of Bass's (1985b) seminal book. This publication presented the first major theoretical work and empirical test on transformational leadership and incorporated the prior work of Burns (1978), Downton (1973), and Weber (1924/1947). Though selective, we believe our review is quite comprehensive, including over 230 publications.

In this work, and especially the coding of the articles and book chapters, we were guided by major works on multiple levels-of-analysis issues, following the approach of Dansereau, Yammarino, and colleagues (e.g., Dansereau et al., 1984; Dansereau & Yammarino, 2000; Dansereau et al., 1999; Yammarino & Dansereau, 2002) and Rousseau (1985). Before providing some details about the coding approach, brief descriptions of transformational and charismatic leadership are presented. Next, levels-of-analysis issues are highlighted. Then the coding scheme employed in this work is overviewed. We next summarize some of the key findings for the conceptual and empirical literatures on transformational and charismatic leadership from a levels-of-analysis perspective. Finally, we draw out key implications for future theory building and theory testing in the realm of transformational and charismatic leadership.

TRANSFORMATIONAL AND CHARISMATIC LEADERSHIP

Transformational and charismatic leadership represent the "new leadership genre." While there are nearly as many definitions of these notions as there are researchers in the field (for reviews and overviews, see Avolio & Yammarino, 2002; Bass, 1990; Conger, 1999; Conger & Hunt, 1999; Hunt, 1999; Hunt & Conger, 1999a, 1999b; Yukl, 1998), all these views have a core common element. Specifically, transformational and charismatic leadership theory and models broadly represent a set of approaches to leadership (not management) that explain how certain leaders foster performance beyond expected standards by developing an emotional attachment with followers that is tied to a common cause and contributes to the "greater good" or larger collective.

It is leadership that is individually considerate, intellectually stimulating, inspirationally motivational, visionary, values-based, and of high moral and ethical standards. Such leadership typically involves passion and self-sacrifice, confidence and determination, serving as a role model for others, exhibiting high expectations, displaying confidence in followers, and creative and innovative behaviors. Transformational and charismatic leadership involve a unique bonding among leaders and followers—emotional attachment, values, respect, and trust form the basis of these approaches.

Transformational Leadership

While earlier work exists (i.e., Burns, 1978), transformational leadership theory in management and psychology research is primarily based on the work of Bass (1985b). In this approach, transformational leadership is generally defined in terms of the leader's behaviors and effect on followers. Different from transactional leadership (defined as an exchange process to motivate follower compliance with a leader's requests and organizational role requirements), transformational leadership involves an underlying influence process that motivates followers by encouraging them to transcend their self-interests for the sake of the organization and goal accomplishment. Followers, through transformational leadership, are motivated to do more than originally expected and feel trust, loyalty, respect, and admiration toward the leader.

Transformational leaders raise followers' levels of awareness and consciousness about the value and importance of key outcomes and their accomplishments. They alter followers' portfolio of needs and wants, expanding and raising these in terms of the need hierarchy. Moreover, transformational leaders encourage and help followers transcend their self-interests for the enhancement of the group, team, organization, or larger society interests.

Bass (1985b, 1990) draws a distinction between transformational and charismatic leadership that is generally, though not universally, endorsed by others (see Avolio & Yammarino, 2002; Conger, 1999; Hunt, 1999; Hunt & Conger, 1999b; Yukl, 1998, 1999). A leader may be charismatic (see details below) without being transformational in that little or no influence to change followers is exerted. As such, charismatic leadership is only one component of transformational leadership (along with inspirational motivation, intellectual stimulation, and individualized consideration) for most transformational leadership researchers. While charismatic leadership is a key, perhaps the key, component of transformational leadership, charisma is a necessary but not sufficient element of transformational leadership (Bass, 1985b, 1990). House (1977), House and Shamir (1993), and other charismatic researchers (e.g., Conger & Kanungo, 1987) would disagree. They argue that charisma is the unique and distinct element and the only aspect of leadership that is "extraordinary" or "outstanding."

Charismatic Leadership

Although there exists earlier work (i.e., Downton, 1973; Weber, 1924/1947), charismatic leadership theory in the management and psychology literature is primarily based on the initial work of House (1977) and subsequent work by Conger and Kanungo (1987) and Shamir, House, and Arthur (1993). In these approaches, charismatic leadership is generally defined in terms of the leader's influence over followers and the nature of the leader–follower relationship. Key leader behaviors include articulating an appealing vision, communicating high performance expectations, displaying self-confidence, role modeling exemplary behavior, expressing confidence in followers' abilities to achieve goals, and emphasizing ideological aspects of work and collective identity (House, 1977; Shamir et al., 1993). Other key aspects of charismatic leader behavior are articulating an innovative strategic vision, displaying unconventional or creative behaviors, taking personal risks, and showing sensitivity to follower needs and environmental constraints, opportunities, and threats (Conger & Kanungo, 1987).

The effects of these charismatic behaviors are numerous (Conger & Kanungo, 1987; House, 1977; Shamir et al., 1993): Followers develop trust in, respect for, devotion to, loyalty to, unquestioned obedience to, commitment to, and identification with the leader; confidence in their ability to achieve goals and exceed expectations; and radical changes in their beliefs and values. *Socialized* charismatic leadership includes the development and empowerment of others, a basis for egalitarian behavior, and disregard the leader's self-interest in favor of the collective interest. Socialized charismatic leaders are characterized by a high need for power with high activity inhibition, low Machiavelianism, nonauthoritarianism, strong internal beliefs, and high self-esteem. In the transformational leadership realm, such leaders are called *authentic transformationals* (Bass & Steidlmeier, 1999). *Personalized* charismatic leadership, in contrast, includes exploitation of others, personal dominance and authoritarian behavior, and serving the leader's self-interest and self-aggrandizement. Personalized charismatic leaders are characterized by a high need for power with low activity inhibition, high Machiavelianism, high narcissism, external beliefs, and low self-esteem. In the transformational leadership realm, such leaders are called *pseudotransformational* (Bass & Steidlmeier, 1999).

Charismatic leaders (socialized charismatics) form a unique emotional and values-based bond with their followers. They achieve their charismatic effects by engaging and implicating followers' self-concepts. Through role-modeling behaviors and frame alignment, charismatic leaders develop followers' values and beliefs to be congruent and complementary with the leaders' ideology, goals, and activities. In particular, charismatic leaders are able to increase followers' intrinsic valence of effort and goal accomplishment, effort-accomplishment expectancies, and prospects and hopes for a better future-state.

LEVELS OF ANALYSIS (ENTITIES)

Levels of analysis are the entities or objects of study. In the current work on leadership, we are interested in human beings in work organizations. Entities are typically arranged in hierarchical order such that higher levels (e.g., groups) include lower levels (e.g., individuals), and lower levels are embedded in higher levels (see Dansereau et al., 1984; Yammarino, 1996). For the purposes of this article, four levels of analysis of human beings are relevant for the literature on transformational and charismatic leadership.

First, human beings in organizations can be viewed as individuals or persons, independent of one another. In this case, we can focus on a leader or a follower/subordinate, or how leaders or followers differ from one another. Second, human beings in organizations can be viewed as dyads, or two individuals who are interdependent on a one-to-one basis. Dyads are a special case of groups, a two-person group. In this case, we can focus on superior–subordinate dyads, leader–follower dyads, or interpersonal relationships, independent of the formal work group.

Third, human beings in organizations can be viewed as groups or teams. While there are some potential differences between groups and teams, we view them similarly here, as a collection of individuals who are interdependent and interact on a face-to-face (or virtual) basis with one another. Formal work groups or teams generally consist of a leader and his/her immediate direct reports. Fourth, human beings in organizations can be viewed as collectives. In this case, the focus is on clusterings of individuals that are larger than groups and who are interdependent based on a hierarchical structuring or a set of common/shared expectations. Collectives include departments, functional areas, strategic business units, and organizations. Collectives often do not involve direct interaction among people (as in groups), but are held together by echelons or hierarchies.

Beyond these single levels of analysis (i.e., individuals, dyads, groups, or collectives viewed separately), a key issue is that of *multiple* levels of analysis. In other words, levels can be viewed in combination or simultaneously. In these cases, we are concerned with multilevel or cross-level effects, as well as mixed determinants and mixed level effects (for details and a review, see Dansereau et al., 1984; Dansereau & Yammarino, 2000; Klein, Dansereau, & Hall, 1994; Rousseau, 1985). As pointed out in the literature on multiple levels of analysis, it is absolutely critical to explicitly specify levels in theory formulation, measurement, data analysis, and inference drawing. Without such a complete and explicit specification of and test for levels of analysis, theory building and theory testing are incomplete and faulty and can lead to erroneous conclusions. For example, Yammarino (1994, 1996) demonstrated how theory formulation can be enhanced by incorporating levels of analysis. Moreover, Schriesheim, Castro, and Yammarino (2000) have shown that incorrect conclusions are drawn when researchers rely solely on raw-score-based analyses that ignore levels-of-analysis tests. However, when traditional and multivariate multi-level techniques are employed, inferences become clarified and explicated.

As noted above, the lack of explicit attention to levels-of-analysis issues in the literature on transformational and charismatic leadership seems to be the norm rather than the exception. In 1990, and again over a decade later, Bass (1990, 2002) called for the field to focus on these issues. Avolio and Yammarino (2002) noted, with the exception of the work of Yammarino and his colleagues, most theoretical and empirical work on transformational and charismatic leadership fails to address multiple levels-of-analysis issues; and this failure of inclusion has inhibited the rapid advance of the field of research. Yukl (1999) indicated there is an overemphasis on dyadic processes in the literature on transformational and charismatic leadership at the expense of group- and organization-level processes and a systems perspective. Hunt and Conger (1999a) included "levels of analysis" as a major focus and cross-cutting theme in their review of 13 articles in a recent two-part special issue on transformational and charismatic leadership.

While we were encouraged by Yukl's (1999) and Hunt and Conger's (1999a) attempt to focus on levels issues, and by Bass's (1990, 2002) calls to highlight these effects, we believe they fall short of *explicitly* dealing with multiple levels of analysis in the literature on transformational and charismatic leadership. As such, we have undertaken a comprehensive review of the transformational and charismatic leadership literature to take stock of levels-of-analysis issues in theory formation, measurement, data analysis, and inference drawing. What follows is a result of that review.

TRANSFORMATIONAL AND CHARISMATIC LEADERSHIP AND LEVELS OF ANALYSIS

To review the levels-of-analysis issues in the transformational and charismatic leadership literature, a search was conducted using the Psychinfo and ProQuest databases and the Center for Leadership Studies (Binghamton) library. When combined, these databases and library provided a substantial search of journals, book chapters, and books in the psychology, applied psychology, and management fields. This search yielded approximately 250 publications pertaining to transformational or charismatic leadership, from more than 50 refereed journals and over a dozen edited books. Of those approximately 250 publications, we obtained 231, of which 143 were empirical and 88 were conceptual in nature. Publications ranged in date from 1984 through 2002, as we used starting dates of 1977 and 1985, the dates of House's and Bass's classic works on charismatic and transformational leadership, respectively.

As a preliminary classification, all publications were first coded/analyzed based on whether they were conceptual or empirical in nature; and, all hypotheses/propositions related to the leadership topic of interest were noted. If the publications were empirical, key variables and relationships were noted and the hypothesized level(s) were assessed. Additionally, we noted how each variable was measured, paying particular attention to the specific level of measurement of each variable of interest. We then recorded the analysis method for the hypotheses and noted the findings. Based on the aforementioned information obtained from each publication, we were able to derive the assessments reflected in the tables (i.e., were levels appropriately represented in theory/hypothesis formulation, were levels represented appropriately in measurement, were levels addressed appropriately in data analysis techniques, and was there an appropriate alignment between theory and data).

After the publications were classified according to leadership style and conceptual or empirical content, we assessed the incorporation of levels of analysis into the theory and data treatment for all the publications. This assessment followed the guidelines for inclusion of levels of analysis into theoretical formulation and empirical testing put forth by Dansereau and colleagues (1984), Dansereau and Yammarino (2002), Yammarino (1996), and Klein and colleagues (1994). This approach focused on three key issues regarding levels of analysis.

The first issue concerned the *conceptualization* of multiple levels to allow their inclusion into theoretical formulations (notated as "levels represented in theory/hypothesis formulation" in the tables). For our purposes, we evaluated all conceptual and empirical publications on this dimension and noted whether conceptualizations were explicit, implicit, or indeterminable with regard to levels of analysis.

An example of an explicit incorporation of levels of analysis can be found in Yammarino, Spangler, and Dubinsky (1997). The authors conceptualized a relationship between transformational leadership and subordinate performance, satisfaction, and commitment at a particular level of analysis (dyads within group), and, moreover, clearly stated the level of analysis within the hypotheses. As such, this type of explicit conceptualization and testable propositions lead to a rating of "explicit" within the category of "level(s) represented in theory/hypothesis formulation."

On the other hand, a rating of "implicit" within the category of "level(s) represented in theory/hypothesis formulation" was achieved if there was no explicit statement regarding levels of analysis in either conceptualization or hypotheses. If a publication had no clear levels delineation, yet we were able to determine what level was *implied* by the authors, we rated that publication as having an "implicit" representation of levels of analysis. For example, in Sosik and Dworakivsky (1998), although no explicit mention was made regarding the individual level of analysis, the authors do state their study contributes to House's (1977) ideas regarding the critical role leader dispositional attributes play in the charismatic phenomenon. As such, we can infer (and verify with closer examination of hypotheses and measures) that the level of interest is the leader; and because we inferred this information, the authors received an "implicit" rating regarding theory/hypothesis formulation.

Finally, if we were unable to clearly infer what theoretical level was represented in the publication, we gave a rating of "indeterminable" regarding the category "level(s) represented in theory/hypothesis formulation." This was especially the case for multilevel conceptualizations where there was little or no theoretical support to assist us in clarification and classification.

A second key issue regarding levels-based theoretical formulation and empirical testing concerned the *empirical* specification of multiple levels as to allow for their testing in data analysis. For our purposes, we evaluated all empirical publications on this dimension using two classifications. The first classification evaluated whether levels of analysis were represented appropriately in *measurement* (notated as "level(s) represented appropriately in measurement" in the tables). In particular, concepts and measures were at the same level or at least aggregated appropriately; measures were not aggregated appropriately; concepts and measures were at different levels; or finally, the level of measure was indeterminable with regard to levels of analysis.

The second classification for the empirical aspects of the publications addressed levels of analysis in *data analysis techniques* (notated as "addressed level(s) in data analysis techniques" in the tables). We evaluated whether WABA (Within and Between Analysis; Dansereau et al., 1984; Dansereau & Yammarino, 2000) or some other multilevel technique was employed/reported correctly; WABA or some other multilevel technique was used incorrectly; there was no use of a multi-level technique; or finally, the focus of data analytic techniques was indeterminable with regard to levels of analysis.

Finally, a third key issue regarding levels of analysis for empirical publications related to *drawing inferences*, which concerned the existence of a one-to-one alignment of conceptual (theory) and empirical (data) specifications (notated as "alignment of theory and data" in the tables). We evaluated whether the alignment of theory and data was at the appropriate level; the theory was at some level other than the data level; or whether the level of theory and data represented was indeterminable with regard to levels of analysis.

To facilitate the presentation of information here, conserve space, and reduce the number of tables, we ultimately simplified our classification/coding scheme in two ways. First, we do not present all the detail codes and coding (e.g., nature of the sample, other variables in the network, specific analytical tool) of all the publications we reviewed. Second, and perhaps more importantly, we present our levels-of-analysis issues information in four tables of articles, book chapters, and books that have a *primary* focus on conceptual or empirical work on charismatic or transformational leadership; that is, conceptual work on charismatic leadership—Table 2.1; conceptual work on transformational leadership—Table 2.2; empirical work on charismatic leadership—Table 2.3; empirical work on transformational leadership—Table 2.4. It is important to note that all the evaluations of levels-of-analysis issues in theory, measurement, data analysis, and inference drawing were classified in a "liberal/generous" way. In other words, we gave authors "the benefit of the doubt," often trying to interpret *what* they meant regarding levels issues even when they were less than explicit or forthcoming.

Table 2.1. Conceptual Publications about Charismatic Leadership

Author Name (s)	*Date*	*I*[a]
Aaltio-Marjosola & Takala	2000	?
Bass	1999b	commentary: ★
Bass	1988	?
Beyer	1999a	?
Beyer	1999b	?
Boal & Bryson	1988	individual: ★
Bryman	1993	?
Calas	1993	?
Choi & Mai-Dalton	1999	?
Conger	1993	?
Conger	1988	?
Conger & Kanungo	1988a	?
Conger & Kanungo	1988b	?
Conger & Kanungo	1988c	leader: X
Conger & Kanungo	1987	leader: X
Connelly, Gaddis, & Helton-Fauth	2002	individual: X
Couto	2002	individual: ★
Di Tomaso	1993	individual:★, dyadic:★, org/environment:★
Evans	1998	meso: X

Table 2.1. Conceptual Publications about Charismatic Leadership

Author Name (s)	*Date*	*I*^{a}
Gaines	1993	?
Gardner & Avolio	1998	?
House	1999	commentary:★
House & Howell	1992	leader: X
House & Shamir	1993	?
Howell	1988	?
Howell & Shamir	1998	group:★, dyad:★
Jermier	1993	?
Jones	2001	?
Kets de Vries	1988	?
Kim, Dansereau, & Kim	2002	individual: X, organizational: X
Klein & House	1998	dyad:★, group:★
Klein & House	1995	individual:★, dyad:★, group:★, organization:★
Pauchant	1991	dyad:★
Roberts & Bradley	1988	?
Romm & Pliskin	1999	?
Shamir	1999	?
Shamir	1991	?
Shamir & Howell	1999	?
Shamir, Arthur, & House	1994	leader: X
Shamir, House, & Arthur	1993	?
Steyrer	2002	individual:★
Trice & Beyer	1986	?
Turner	1993	?
Waldman & Yammarino	1999	mixed effects:★, mixed determinants:★
Weed	1993	?
Weierter	2001	?
Weierter	1997	?
Wofford	1999	?
Yukl	1993	Multilevel:★

1^a: Level(s) represented in theory/hypothesis formulation. Key:★ = explicit; X = implicit; ? = indeterminable.

Table 2.2. Conceptual Publications about Transformational Leadership

Author Name (s)	*Date*	*I*[a]
Ashkanasy & Tse	2000	leader:★
Avolio	1994	?
Avolio & Bass	1998	individual:★, group:★, organizational:★
Avolio & Bass	1995	individual:★, team:★, organization:★
Avolio & Bass	1988	?
Avolio & Gibbons	1988	multilevel: X
Barbuto	1997	leader: X
Bass	1999a	leader: X, organization: X
Bass	1998	leader: X
Bass	1997a	?
Bass	1997b	individual: X
Bass	1995	leader: X
Bass	1994	?
Bass	1985a	?
Bass & Avolio	1993	?
Bass & Steidlmeier	1999	leader: X
Brown & Lord	1999	?
Carey	1992	leader: X
Conger	1999	?
Conger	1998	individual:★, organizational:★
Conger & Hunt	1999	?
Hunt	1999	?
Hunt & Conger	1999a	commentary:★
Inkson & Moss	1993	?
Kanungo	1998	?
Kark & Shamir	2002	individual: X, dyad:★, group:★
Kuhnert	1994	?
Locke	1998	individual:★
Parent & Gallupe	2001	leader: X
Pawar & Eastman	1997	?
Popper & Mayseless	2002	individual: X
Popper & Zakkai	1994	?
Porter & Bigley	2001	multilevel:★

Table 2.2. Conceptual Publications about Transformational Leadership (Cont.)

Author Name (s)	*Date*	*1*[a]
Sosik & Dionne	1997	multilevel: X
Warrick	1995	?
Wofford & Goodwin	1994	leader: X, organization: X
Yammarino	1994	multilevel:★
Yukl	1999	commentary:★
Yukl	1989	commentary:★

1[a]: Level(s) represented in theory/hypothesis formulation. Key:★ = explicit; X = implicit; ? = indeterminable.

Table 2.3. Empirical Publications about Charismatic Leadership

Author Name (s)	*Date*	*1*[a]	*2*[b]	*3*[c]	*4*[d]
Atwater, Camobreco, Dionne, Avolio, & Lau	1997	individual: X	★	XX	★★
Atwater, Penn, & Rucker	1991	leader: X	★★	XX	★★
Avolio & Yammarino	1990	individual:★, dyad:★, group:★	★★	★★	★★
Awamleh & Gardner	1999	?	★★	XX	?
Conger & Kanungo	1994	leader: X	★★	XX	★★
Conger, Kanungo, & Menon	2000	?	X	XX	XX
Crant & Bateman	2000	leader: X	★★	XX	★★
Deluga	2001	leader: X	★★	XX	★★
Deluga	1998	leader: X	?	XX	?
Deluga	1997	?	?	XX	?
Deluga	1995	individual: X	★★	XX	★★
Den Hartog & Verburg	1997	leader: X	?	XX	?
Ehrhart & Klein	2001	individual: X	★★	XX	★★
Ehrlich, Meindl, & Viellieu	1990	individual: X	★★	XX	★★
Fiol, Harris & House	1999	?	?	XX	?
Fuller, Patterson, Hester, & Stringer	1996	?	★★	XX	★★
Halpert	1990	individual: X	★★	XX	★★
Haslam et al.	2001	leader: X	?	XX	?
House, Woycke, & Fodor	1988	leader: X	?	XX	?
Howell & Frost	1989	individual: X	★★	XX	★★

Table 2.3. Empirical Publications about Charismatic Leadership

Author Name (s)	*Date*	*1*[a]	*2*[b]	*3*[c]	*4*[d]
Howell & Higgins	1990a	individual: X	★★	XX	★★
Hunt, Boal, & Dodge	1999	?	?	XX	?
Jacobsen & House	2001	leader: X	★★	?	★★
Kirkpatrick & Locke	1996	individual: X	★★	XX	★★
Mayo, Pastor, & Meindl	1996	?	★★	XX	?
McCann	1997	?	?	XX	?
Mumford & Strange	2002	individual: X	★★	XX	★★
O'Connor, Mumford, Clifton, Gessner, & Connelly	1995	leader: X	?	XX	?
Pastor & Mayo	1995	relationship: X	?	★	?
Paul, Costley, Howell, Dorfman, & Trafimow	2001	?	XX	XX	XX
Pillai	1996	Group: X	X	XX	?
Pillai & Meindl	1998	individual:★, group:★, cross-level:★	?	★	?
Pillai, Stites-Doe, Grewal, & Meindl	1997	leader: X	X	XX	?
Puffer	1990	individual: X	★★	XX	★★
Shamir	1995	?	?	XX	?
Shamir, Zakay, Breinin, & Popper	1998	unit/group:★, multilevel:★	★	★	★★
Shea & Howell	1999	individual: X	★★	XX	★★
Sosik	2001	leader: X	★	XX	★★
Sosik & Dworakivsky	1998	leader: X	★★	★	★★
Waldman & Javidan	2002	meso:★	★	XX	?
Weierter	1999	individual: X	X	XX	XX
Yagil	1998	?	★★	XX	?
Yorges, Weiss, & Strickland	1999	leader: X	★★	XX	★★

1[a]: Level(s) represented in theory/hypothesis is formulation. Key:★ = explicit; X = implicit; ? = indeterminable. 2[a]: Level(s) represented appropriately in measurement. Key: ★★ = concepts and measure(s) at same level;★ = measure(s) at one level, but aggregated appropriately to level of concept(s); X = measure(s) not aggregated appropriately to level of concept; XX = concepts and measure(s) at different levels; ? = inderterminable. 3[c]: Addressed level(s) in data analysis techniques. Key: ★★ = used WABA at correct level;★ = used some multilevel technique correctly at appropriate level; X = used multilevel technique or WABA incorrectly; XX = no use of a multilevel technique; ? = indeterminable. 4[d]: Alignment of theory and data. Key: ★★ = yes, at appropriate level; XX = theory at some level other than data level; ? = indeterminable.

Table 2.4. Empirical Publications about Transformational Leadership

Author Name (s)	*Date*	*1*[a]	*2*[b]	*3*[c]	*4*[d]
Alban-Metcalfe & Alimo-Metcalfe	2000	leader: X	★★	XX	★★
Alimo-Metalfe & Alban-Metcalfe	2001	leader: X	★★	XX	★★
Atwater & Yammarino	1993	leader:★	★	XX	★★
Avolio, Bass, & Jung	1999	leader: X	★★	XX	★★
Avolio, Howell, & Sosik	1999	individual: X, group: X	X	★	?
Avolio, Waldman, & Einstein	1988	group:★	X	XX	XX
Avolio, Yammarino, & Bass	1991	individual:★, between group:★, within group:★	★	★★	★★
Barbuto, Fritz, & Marx	2000	leader: X	★★	XX	★★
Barling, Weber, & Kelloway	1996	leader: X, organization: X	X	XX	?
Bass & Avolio	1994	leader: X	★★	XX	★★
Bass & Yammarino	1991	leader: X	★★	XX	★★
Bass, Waldman, Avolio, & Bebb	1987	leader: X	X	XX	?
Basu & Green	1997	dyad:★	X	XX	XX
Behling & McFillen	1996	leader: X	★★	XX	★★
Berson, Shamir, Avolio, & Popper	2001	leader:★, organizational moderator: X	?	★	?
Brown & Dodd	1999	individual:★, group:★	X	XX	?
Butler, Cantrell, & Flick	1999	?	XX	XX	XX
Bycio, Hackett, & Allen	1995	individual: X	★★	XX	★★
Carless	2001	leader: X	★★	XX	★★
Carless	1998	leader: X	X	XX	?
Carless	1998	leader: X	★★	XX	★★
Carless, Wearing, & Mann	2000	individual: X	X	XX	?
Church & Waclawski	1999	leader: X	★★	XX	★★
Church & Waclawski	1998	leader: X	X	XX	?
Comer, Jolson, Dubinsky, & Yammarino	1995	leader: X	★★	XX	★★
Deluga	1988	leader: X	★★	XX	★★
Deluga & Souza	1991	individual: X	?	XX	?
Den Hartog et al.	1999	culture/country:★	XX	X	XX
Den Hartog, Van-Muijen, & Koopman	1997	leader: X	★★	XX	★★
Dionne, Yammarino, Comer, Dubinsky, & Jolson	1996	individual: X	★★	XX	★★

Table 2.4. Empirical Publications about Transformational Leadership (Cont.)

Author Name (s)	*Date*	1^a	2^b	3^c	4^d
Druskat	1994	leader: X	★★	XX	★★
Dubinsky, Yammarino, & Jolson	1995	leader: ★	★	XX	★★
Dubinsky, Yammarino, Jolson, & Spangler	1995	leader: X	★★	XX	★★
Dumdum, Lowe, & Avolio	2002	leader: X	★★	XX	?
Egri & Herman	2000	leader: X, organization: X	★	XX	?
Fields & Herold	1997	leader: X	★★	XX	★★
Fuller, Morrison, Jones, Bridger, & Brown	1999	leader: X	★★	XX	★★
Geyer & Steyrer	1998	leader: X, organization: X	?	XX	?
Godshalk & Sosik	2000	individual: X	★★	XX	★★
Goodwin, Wofford, & Whittington	2001	leader: X	★★	★★	★★
Goodwin, Wofford, & Boyd	2000	leader: X	★★	XX	★★
Hater & Bass	1988	leader: X	★	XX	★★
Howell & Avolio	1993	unit/group: ★	★	★	★★
Howell & Hall-Merenda	1999	individual: ★	★★	★	★★
Howell & Higgins	1990b	individual: X	★★	★	★★
Judge & Bono	2000	leader: X	★★	XX	★★
Jung	2001	group: ★	★	XX	★★
Jung & Avolio	2000	individual: X	★★	★	★★
Jung & Avolio	1999	?	?	XX	?
Jung & Avolio	1998	Group: ★	★	XX	?
Kane & Tremble	2000	leader: X	X	XX	?
Keller	1992	group: ★	★	XX	★★
Koh, Steers, & Terborg	1995	school: ★	X	XX	?
Komives	1991	individual: X	★★	XX	★★
Kuchinke	1999	country: ★	XX	X	XX
Lowe, Kroeck, & Sivasubramanian	1996	?	?	XX	?
MacKenzie, Podsakoff, & Rich	2001	individual: X	?	XX	?
Madzar	2001	individual: X	★★	XX	★★
Maher	1997	leader: X	★★	XX	★★
Martin & Epitropaki	2001	individual: X	★★	XX	★★

Table 2.4. Empirical Publications about Transformational Leadership (Cont.)

Author Name (s)	*Date*	*1*[a]	*2*[b]	*3*[c]	*4*[d]
Masi & Cooke	2000	leader: X, organization: X	X	XX	?
McDaniel & Wolf	1992	individual: X	★★	XX	★★
Morales & Molero	1995	individual: X	?	?	?
Parry	2002	group:★	?	XX	?
Pillai & Williams	1998	individual: X	★★	XX	★★
Pillai, Schriesheim, & Williams	1999	individual: X	★★	★	★★
Podsakoff, MacKenzie, & Bommer	1996	leader: X, organization: X	★★	XX	?
Podsakoff, MacKenzie, Moorman, & Fetter	1990	individual: X	★★	★	★★
Popper, Mayseless, & Castelnovo	2000	leader: X	★★	XX	★★
Rai & Sinha	2000	leader: X	★★	XX	★★
Ross & Offermann	1997	leader: X, group: X	X	XX	?
Russ, McNeilly, & Comer	1996	leader:★	X	XX	?
Schyns	2001	individual: X	★★	XX	★★
Seltzer & Bass	1990	leader: X	X	XX	XX
Singer	1985	leader: X	?	XX	?
Singer & Singer	1990	leader: X, organization: X	★★	XX	?
Sivasubramanian, Murry, Avolio, & Jung	2002	group:★	★★	★	★★
Sosik	1997	group: X	★★	XX	★★
Sosik & Godshalk	2000	individual: X	★★	★	★★
Sosik & Megerian	1999	leader: X	★★	★	★★
Sosik, Avolio, & Kahai	1998	group:★	★	★	★★
Sosik, Avolio, & Kahai	1997	group: X	X	★	?
Sosik, Kahai, & Avolio	1999	person–group X	X	XX	XX
Sosik, Kahai, & Avolio	1998	group:★	★	★	★★
Spangler & Braiotta	1990	?	X	XX	?
Tejeda, Scandura, & Pillai	2001	leader: X	★★	XX	★★
Tepper & Perry	1994	leader: X	★★	XX	★★
Tracey & Hinkin	1998	leader: X	★★	XX	★★
Tucker, McCarthy, & Jones	1999	leader: X	★★	XX	★★

Table 2.4. Empirical Publications about Transformational Leadership (Cont.)

Author Name (s)	*Date*	1^a	2^b	3^c	4^d
Waldman, Bass, & Einstein	1987	leader: X	★★	XX	★★
Waldman, Bass, & Yammarino	1990	leader: X	★	XX	★★
Waldman, Ramirez, House, & Puranam	2001	organization:★	★	XX	★★
Wofford, Goodwin, & Whittington	1998	leader: X, group: X	XX	★	?
Wofford, Whittington, & Goodwin	2001	individual:★, multilevel:★	?	X	?
Yammarino & Bass	1990	individual:★, dyad-within-group:★, group:★	★	★★	★★
Yammarino & Dubinsky	1994	individual:★, dyad:★ cross-level:★	★★	★★	★★
Yammarino, Dubinsky, Comer, & Jolson	1997	individual:★, dyad-within-group:★ between-dyads:★	★★	★★	★★
Yammarino, Spangler, & Dubinsky	1998	dyad:★, group:★	★★	★★	★★
Yammarino, Spangler, & Bass	1993	leader:★	★	★	★★
Zacharatos, Barling, & Kelloway	2000	individual: X	X	★	?

1^a: Level(s) represented in theory/hypothesis is formulation. Key:★ = explicit; X = implicit; ? = indeterminable. 2^a: Level(s) represented appropriately in measurement. Key: ★★ = concepts and measure(s) at same level;★ = measure(s) at one level, but aggregated appropriately to level of concept(s); X = measure(s) not aggregated appropriately to level of concept; XX = concepts and measure(s) at different levels; ? = inderterminable. 3^c: Addressed level(s) in data analysis techniques. Key: ★★ = used WABA at correct level;★ = used some multilevel technique correctly at appropriate level; X = used multilevel technique or WABA incorrectly; XX = no use of a multilevel technique; ? = indeterminable. 4^d: Alignment of theory and data. Key: ★★ = yes, at appropriate level; XX = theory at some level other than data level; ? = indeterminable

RESULTS FOR LEADERSHIP AND LEVELS OF ANALYSIS

At this point, we highlight some specific key findings of this levels-of-analysis review of transformational and charismatic leadership theory and research. Detailed results are presented in Tables 2.1 to 2.4.

Theory

In terms of theories and hypotheses, the assessments and evaluations of levels-of-analysis issues in Tables 2.1 to 2.4 yield some disturbing results. First, for published conceptual sources on charismatic leadership (Table 2.1), only 12 of 49 publications, or about 24%, *explicitly* accounted for levels of analysis in theory or hypothesis formulation. Second, for published conceptual sources on transformational leadership (Table 2.2), only 11 of 39 publications, or about 28%, *explicitly* accounted for levels of analysis in theory or hypothesis formulation. In both cases (Tables 2.1 and 2.2), the remaining sources only implicitly considered levels, ignored levels, or the levels of analysis were indeterminable. As such, only 23 of 88 conceptual publications on transformational and charismatic leadership, or about 26%, explicitly addressed levels-of-analysis issues in theory or hypothesis formulation.

Examination of the conceptualization portion of empirical research publications does not enhance this assessment. First, viewing the results in Table 2.3, only 4 of 43 empirical publications, or about 9%, on charismatic leadership explicitly addressed levels-of-analysis issues in theory or hypothesis formulation. Second, as shown in Table 2.4, only 28 of 100 empirical publications, or 28%, on transformational leadership *explicitly* accounted for levels-of-analysis issues in theory or hypothesis formulation. In both cases (Tables 2.3 and 2.4), the remaining empirical publications only implicitly considered levels, ignored levels, or the levels of analysis were indeterminable. As such, only 32 of 143 empirical publications on transformational and charismatic leadership, or about 22%, explicitly addressed levels-of-analysis issues for theories and hypotheses. This means that, of all reviewed publications (231) in Tables 2.1 to 2.4, only about *24%* (55) *explicitly* incorporated levels of analysis in theory formulation or hypothesis generation.

Measurement

In terms of measurement, the assessments and evaluations of levels-of-analysis issues in Tables 2.3 and 2.4 also yield some bothersome results. First, as shown in Table 2.3, only 22 of 43 empirical publications on charismatic leadership, or about 51%, appropriately represented levels of analysis by specifying concepts and measures at the *same* level of analysis. An additional four empirical publications, about 9%, specified measures at one level but aggregated these appropriately to the level of the concepts. So, about 60% of the empirical publications on charismatic leadership accounted for levels issues in measurement appropriately.

Second, as shown in Table 2.4, 52 of 100 empirical publications on transformational leadership, or 52%, appropriately represented levels of analysis by specifying concepts and measures at the *same* level of analysis. An additional 15 empirical publications, or 15%, specified measures at one level but aggregated these appropriately to the level of the concepts. So, 67% of the empirical publications on transformational leadership accounted for levels issues in measurement appropriately.

In both Tables 2.3 and 2.4, however, the remaining empirical publications on transformational and charismatic leadership (1) did not appropriately aggregate measures to the level of the concepts, (2) specified concepts and measures at different levels of analysis, or (3) dealt with levels issues in measurement in an indeterminable way. So, for all empirical publications on transformational and charismatic leadership, 74 of 143, or about 52%, specified concepts and measures at the *same* level; 19 of 143, or about 13%, *aggregated* measures appropriately to the level of the concepts; and 35% did *not* address levels issues appropriately or at all in the measurement realm.

Data Analysis

In terms of data analysis, the assessments and evaluations of levels-of-analysis issues in Tables 2.3 and 2.4 again yield some disturbing results. First, as shown in Table 2.3, only 5 of 43 empirical publications on charismatic leadership, or about 12%, addressed levels issues in data analysis appropriately with the use of WABA or some other multilevel data analytic technique at the correct level of analysis. Second, as shown in Table 2.4, only 23 of 100 empirical publications on transformational leadership, or 23%, addressed levels issues in data analysis appropriately with prescribed multilevel techniques at the correct level of analysis.

In both cases (see Tables 2.3 and 2.4), regarding data analysis, the remaining empirical publications on transformational and charismatic leadership (1) used WABA or some other multilevel data analytic technique incorrectly, (2) did not make use of any multilevel technique, or (3) were indeterminable in terms of levels issues in data analysis. So, only 28 of 143 empirical publications on transformational and charismatic leadership, or about 20%, appropriately addressed levels-of-analysis issues in data analysis and analytic technique use.

Inference Drawing

In terms of drawing inferences, or the alignment of theory and data, the assessments and evaluations of levels-of-analysis issues in Tables 2.3 and 2.4 again yield some bothersome results. First, as shown in Table 2.3, 22 of 43 empirical publications on charismatic leadership, or about 51%, demonstrated alignment of theory and data at the appropriate level of analysis. Second, as shown in Table 2.4, 62 of 100 empirical publications on transformational leadership, or 62%, demonstrated an alignment of theory and data at the appropriate level of analysis.

In both cases, however, regarding theory–data alignment (see Tables 2.3 and 2.4), the remaining empirical publications on transformational and charismatic leadership either (1) specified theory or hypotheses at some level other than a level supported by the data; or (2) were indeterminable in terms of the degree of theory–data alignment with regard to levels of analysis. So, for all empirical publications on transformational and charismatic leadership, 84 of 143, or about 59%, demonstrated an alignment of theory and data at the appropriate level of analysis.

IMPLICATIONS FOR LEADERSHIP AND LEVELS-OF-ANALYSIS ISSUES

Given the above important results, it is possible to derive implications for theory, measurement, data analysis, and inference drawing for future work on transformational and charismatic leadership. The ultimate goal of this effort is to build *and* test a more comprehensive *theory* of transformational and charismatic leadership.

Theory

As reported in the results, less than 25% of the publications explicitly incorporated levels of analysis in theory formulation or hypothesis generation. This less than "1 in 4 hit rate" is, at best, disturbing; at worst, theory formulation and integration have been greatly inhibited and incomplete. Why? Most of the conceptual publications and most of the conceptualizations in the empirical publications specify (explicitly) or imply that transformational and charismatic leadership are based on individual differences, the individual level of analysis, or view the leader (individual) as the level of analysis. These formulations typically focus on (1) only the leader and his/her actions, characteristics, behaviors, or cognitions; (2) each follower's individual perception of the leader; and (3) not leader–follower interactions; nor (4) the context or situation—all higher (beyond the individual) levels of analysis.

For theory in the transformational and charismatic leadership realm to advance, these higher levels of analysis—dyads, groups, organizations—must be accounted for in theoretical formulations and conceptualizations. One-to-one leader–follower dyadic (interpersonal) relationships (independent of the work group), leader–group and leader–team dynamics, leadership within different types of organizations and industries, strategic-level leadership, and cross-cultural leadership are all higher levels-of-analysis notions, beyond individual differences, for transformational and charismatic scholars to address more fully.

Such higher levels of analysis can also serve as moderators and mediators in transformational and charismatic leadership theoretical formulations. All too often, the publications reviewed have focused on simplistic associations among concepts without regard for higher-level complex phenomena that impact transformational and charismatic leadership.

Theory in most (if not all) fields is "ahead" of data. This is clearly the case in the literature on transformational and charismatic leadership. We have many more ideas than well-tested ideas. Nevertheless, ideas must be fully developed in a testable fashion. In order to build a more comprehensive and integrative theory of transformational and/or charismatic leadership, multiple levels of analysis must be incorporated in theory and hypothesis formulation. To date, this has been accomplished rarely.

Measurement

As reported in the results, approximately 65% of the publications explicitly addressed levels issues appropriately in measurement. This approximately "2 in 3 hit rate," while better than the rate for theory and hypothesis formulation, is not acceptable given the potential for systematic measurement error and bias. Measures must be developed with the level of analysis of the concepts, constructs, and theory in mind. Measurement must then be conducted at that level of analysis. If it is not, at a minimum, justification and tests for aggregation (or disaggregation) need to be presented. This has not been the norm, to date, in the literature on transformational and charismatic leadership.

Relatedly, other measurement issues come into focus when one takes a levels-of-analysis perspective. Although a detailed discussion is beyond the scope of the current work, several should be mentioned. First, scale-building can be conducted at different and multiple levels of analysis, and the results of these psychometric processes may not necessarily be the same at all levels of analysis. Second, measurement invariance may occur across multiple levels of analysis, requiring psychometric "adjustments" in measures and scales. Third, when levels of analysis are involved, the "referent" in measures—whether for items in surveys or interview questions, for example—changes. Referents are entities or levels of analysis, and these levels (referents) can change for different aspects of a theory or constructs or associations in a theory.

Transformational and charismatic leadership researchers must be acutely aware of these issues. A transformational or charismatic style of a leader (individual) as seen by followers (e.g., group or team) can impact a specific follower uniquely (leader–follower dyad) and change from one work situation to another (organization level) and across cultures (cultural level). Each of these concepts requires specific levels-based measurements that fully account for the differential referents. To date, this degree of measurement precision is lacking in the literature on transformational and charismatic leadership.

Data Analysis

As reported in the results, approximately 20% of the publications appropriately addressed levels-of-analysis issues in data analysis and analytic technique use. This "1 in 5 hit rate" is insufficient for the rigorous data analysis necessary to test and advance theory and research in the realm of transformational and charismatic leadership. We do not mean to imply that researchers must always use WABA or another multilevel technique (e.g., HLM, Hierarchical Linear Modeling). The choice of data analytic technique should be driven by theory. But if theories specify different or multiple levels of analysis, as is/should be in the case of transformational and charismatic leadership, then multilevel data analytic techniques are required.

Each multilevel data analytic technique (e.g., WABA, HLM, MLSEM [Multi-Level Structural Equation Modeling]) has a unique purpose and use. Although it is beyond the scope of this chapter to discuss in detail, it is sufficient to say here that the specific theory or hypothesis should determine the selection. Moreover, these techniques can be used in combination. For example, WABA and r_{wg} (within-group agreement coefficient) or WABA and SEM have been used in past research in combination to more rigorously test complex theoretical ideas (see Dansereau & Yammarino, 2000). To date, such sophisticated use of multilevel data analytic techniques in the literature on transformational and charismatic leadership is the exception rather than the norm.

Inference Drawing

As reported in the results, less than 60% of the empirical publications demonstrated an alignment of theory and data at the appropriate level of analysis. In other words, theory was often specified (explicitly or implicitly) at one level of analysis, but data were found to operate at another, different level of analysis. This less than "6 in 10 hit rate," while better than the rate for data analysis technique use, is insufficient to advance theory and research on transformational and charismatic leadership. This "hit rate" is actually *inflated*, given our "liberal/generous" evaluation of many articles. In particular, we actually evaluated most empirical publications as "favorable" in terms of theory–data alignment because of (1) a specification (explicit or implicit) of individual differences, the individual level of analysis, or the leader (individual) as the level of analysis, and (2) measures at the individual level, tapping individual subordinate perceptions of leadership without regard for higher levels of analysis. So, in many publications, researchers *assumed* the individual level of analysis without an explicit specification or test of that level or alternative levels of analysis. As such, theory and data separately, as well as theory–data alignment, have not explicitly accounted for higher levels-of-analysis issues in many publications.

Alignment of *theory* (that includes explicit levels-of-analysis specification) with *data* (that explicitly incorporate levels of analysis in measurement and analysis) must have a levels-of-analysis focus. Theory without levels of analysis is incomplete; data without levels of analysis is incomprehensible. It must be recognized that alternative levels of analysis are *competing, substantive* hypotheses that are tested against the key hypothesis of focus. Theoretical formulation should identify such levels-of-analysis alternatives, measurement and data analysis should test these plausible alternatives, and inferences should be drawn with these levels-of-analysis alternatives in mind. In this way, a strong inference process can be infused into the literature on transformational and charismatic leadership. To date, transformational and charismatic leadership theory building and theory testing rarely employ this strong inference levels-of-analysis approach.

OVERALL RESULTS AND CONCLUSIONS

In terms of the overall results, when combining the assessments and evaluations of levels-of-analysis issues for theory, measurement, data analysis, and drawing inferences, the findings are extremely disturbing. In brief, only 13 of 143 empirical publications on transformational and charismatic leadership, or *about 9%*, addressed levels-of-analysis issues appropriately in all four areas of theory and hypothesis formulation, measurement, data analysis, and inference drawing. An entire field of leadership research, the "new genre" of transformational and charismatic leadership, is thus built upon empirical publications of which *over 90%* do not address, incorrectly address, ignore, misspecify, misuse, or abuse levels-of-analysis issues!

This assessment is a very troubling state of affairs. Perhaps, as Dansereau and Yammarino (1998d) suggested, and implied by much of the work reviewed here, transformational and charismatic leadership is an individual leader-style phenomenon. Nevertheless, even in this case, alternative levels of analysis need to be "eliminated" theoretically and empirically. Moreover, other constructs (i.e., precursors, consequences, mediators, moderators) in theories of transformational and charismatic leadership may operate at other levels of analysis. Again, a fuller theoretical specification, measurement, data analysis, and inference drawing with explicit consideration of levels of analysis for transformational and charismatic leadership are required.

By fully and explicitly incorporating multiple levels of analysis in the theoretical formulations, measurement, data analysis, and inference drawing, a more comprehensive and integrative theory of transformational and charismatic leadership can be built and tested. We hope this review of the literature, despite its somber tone, has provided readers with hope. Ignorance of levels-of-analysis issues has hurt much prior work on transformational and charismatic leadership. Knowledge of levels-of-analysis issues, however, will advance theory building and theory testing on transformational and charismatic leadership. We encourage readers to "transform" this literature through the use of multiple levels of analysis in theory formulation, measurement, data analysis, and inference drawing.

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CHAPTER 3

SOCIAL EXCHANGES IN THE WORKPLACE

A Review of Recent Developments and Future Research Directions in Leader–Member Exchange Theory

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ABSTRACT

This chapter reviews the developments in leader–member exchange (LMX) literature since 1995. The review indicates that interest in antecedents and consequences of LMX continues. Following our review, we identify future research directions. We argue that there is a need to study the effects of LMX differentiation. Examining LMX differentiation as a moderator of the outcomes of LMX, and exploring the effects of LMX differentiation fairness would increase our understanding of the LMX differentiation process. LMX

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theory may benefit from a contingency approach and a "substitutes for leadership" framework may be especially useful. Finally, integrating LMX with socialization and recruitment literatures, viewing LMX as embedded within a larger system of relationships, and testing the cross-cultural applicability of LMX theory are important areas in need of future research attention.

Leader–member exchange (LMX) theory recognizes that leaders form differential relationships with their subordinates in the workplace. With a subgroup of subordinates, they form relationships involving greater sensitivity, attention, and support, which go beyond formal job descriptions, whereas with other subordinates they form a more formal and distant relationship (Liden & Graen, 1980). High levels of trust, liking, and respect characterize a high-quality exchange. Its focus on relationships, rather than leader or subordinate characteristics and behaviors differentiates LMX theory from other leadership theories (House & Aditya, 1997). Since the theory's inception as a vertical dyad linkage (VDL) theory (Dansereau, Graen, & Haga, 1975) and the discovery of differentiated exchanges, a vast number of studies have shed light on how LMX develops, and the relationship between LMX and individual outcomes (Graen & Uhl-Bien, 1995; Liden, Sparrowe, & Wayne, 1997).

In this chapter, we review the recent developments in LMX theory and research since its most recent comprehensive review (Liden et al., 1997). For our discussion, we located empirical and theoretical papers cited in social science indexes since 1995. With a few exceptions, we do not discuss conference papers or in-press papers. In addition, our review is mostly focused on studies that were not part of Liden and colleagues' (1997) recent review. Our review consists of two parts. In the first part, we summarize and comment on the most recent theoretical developments and research efforts in the domain of LMX theory. In our review of recent LMX literature, we discuss studies examining antecedents and consequences of LMX, as well as studies tying LMX to related and similar constructs. In the second part, drawing on our summary of recent research, we identify future research directions in LMX theory.

REVIEW OF RECENT LMX RESEARCH

Antecedents of LMX

Consistent with Liden and colleagues' (1997) review of LMX research, the majority of studies conducted recently have treated LMX as an independent variable, thus focusing on the outcomes associated with LMX. This suggests that researchers continue their emphasis on investigating outcomes of LMX.

Indeed, the first 15 years of LMX research was dominated by studies exploring LMX outcomes, despite several calls for research on LMX antecedents (Dienesch & Liden, 1986; House & Baetz, 1979; Yukl, 1981). It was not until the 1990s that a noticeable stream of articles examining LMX antecedents began to appear. The imbalance between studies of LMX outcomes versus antecedents is also partly because studies examining LMX antecedents tend to be centered on LMX, whereas studies of LMX outcomes often include LMX as one out of multiple independent variables. Indeed, many studies reporting LMX outcomes are actually focused on constructs other than LMX (e.g., Kacmar, Carlson, & Brymer, 1999). Nevertheless, just as the volume of research on LMX outcomes continues to increase, so has the number of articles appearing on LMX antecedents. Suggesting an acceleration in the amount of research being conducted on LMX antecedents, we uncovered 18 articles on LMX antecedents published since Liden and colleagues' review, compared to the 15 that appeared in the approximately 25 years prior to this review. Interestingly, all 16 of the empirical articles examining LMX antecedents were conducted in field settings, whereas lab experimentation was used in a number of the earlier studies. Table 3.1 presents a summary of theoretical and empirical studies examining antecedents of LMX.

Table 3.1. Antecedents of LMX

Author (s)	*Antecedent Examined*	*Type of Study*[a]	*Sample Characteristics*
Allinson, Armstrong, & Hayes (2001)	Leader cognitive style (intuitive/analytical), Member cognitive style, Leader–member similarity on cognitive style	F	142 dyads representing two large British manufacturing organizations
Ashkanasy & O'Connor (1997)	Leader–member value similarity—5 values tested: • freedom (desire for independence) • obedience (compliance to authority) • achievement • mateship (affiliation) • coping	F	160 members and 30 leaders from seven Australian industrial and service organizations
Basu & Green (1995)	Member performance, Member OCB Leader–member attitude similarity, Leader–member education similarity, Leader–member age similarity, Leader–member race similarity. Leader–member sex similarity	F	223 subordinates and 58 supervisors (matched dyads) representing "a manufacturing plant of a Fortune 500 printing company" (p. 82)

Table 3.1. Antecedents of LMX (Cont.)

Author (s)	*Antecedent Examined*	*Type of Study*[a]	*Sample Characteristics*
Cogliser & Schriesheim (2000)	Work group cohesiveness Work group cooperation (including warmth and friendliness) Work group size Organizational climate (consisting of role stress, job challenge, and autonomy) Leader power (expert, referent, legitimate, reward, and coercive)	F	285 employees representing 65 work groups within a large (32-branch) county library system in southeastern U.S. All measures were obtained from members (subordinates) except for group size.
Colella & Varma (2001)	Member disability Member disability X member performance Member disability X member ingratiation	FS & F	Field simulation: 85 undergraduate students Field: 220 subordinates (32 reporting disabilities) and 41 supervisors (none reporting disabilities) representing four northeastern U.S. electronics/ telecommunications organizations
Day, Cross, Ringseis, & Williams (1999)	Member "nontraditional" minority status	F	254 university library personnel (15% of whom considered themselves nontraditionally underrepresented)
Deluga (1998)	Subordinate in-role behaviors	F	127 employed continuing education students and their managers
Dose (1999)	Leader–member value similarity—3 values tested: • moral/ethical • personal preferences (for work environments) • Protestant work ethic (In addition to actual similarity, Dose also measured leader and member perceptions of similarity on each value)	F	198 university dormitory hall directors (leaders) and resident advisors (members)

Table 3.1. Antecedents of LMX (Cont.)

Author (s)	*Antecedent Examined*	*Type of Study*[a]	*Sample Characteristics*
Engle & Lord (1997)	Member liking Perceived attitude similarity (→ liking → LMX) Leader–member congruence in implicit leadership theories Leader–member congruence in implicit performance theories	F	76 leader–member dyads representing the marketing division of a midwestern U.S. electric company
Epitropaki & Martin (1999)	Leader–member tenure dissimilarity Leader–member age dissimilarity Leader–member gender similarity	F	73 administrative employees of a large academic institution
Lamude, Scudder, & Simmons (2000)	Member employment status (temporary vs. full time)	F	80 full-time and 78 temporary consumer relations employees from three financial institutions
Maslyn & Uhl-Bien (2001)	Leader self and other effort in LMX development Member self and other effort in LMX development Leader–member dyad tenure	F	232 matched leader–member dyads representing a southeastern U.S. service organization
Masterson, Lewis, Goldman, & Taylor (1999)	Interactional justice	F	651 employees of a large university in northeastern U.S.
Murphy & Ensher (1999)	Member self-efficacy Leader self-efficacy Leader optimism Male vs. female leader optimism	F	104 interns of a large west coast U.S. media organization participating in the research at two points in time.
Pelled & Xin (2000)	Leader–member age similarity Leader–member race similarity Leader–member sex similarity	F	Two electronics assembly production facilities: 90 workers from a site in midwestern U.S. and 195 workers from a site in northern Mexico.
Scandura & Lankau (1996)	Leader–member diversity Moderators: Psychological (self-knowledge, interpersonal skills, communication competence, cultural competence) and contextual (climate, economic environment, support for diversity)	T	Not applicable

Table 3.1. Antecedents of LMX (Cont.)

Author (s)	*Antecedent Examined*	*Type of Study*[a]	*Sample Characteristics*
Uhl-Bien, Graen, & Scandura (2000)	Transformation from individual interest to shared/mutual interests. Based on "relational necessities: • respect • trust • mutual obligation	T	Not applicable
Varma & Stroh (2001)	Leader–member sex similarity Female–female dyads Male–male dyads	F	42 male and 18 female leaders representing four organizations rated their 117 male and 103 female subordinates. Type of organization/industry not revealed.

[a]F = field study; FS = field simulation; T = theoretical (nonempirical)

Research on the antecedents of LMX have centered on the development of LMX relationships, and in some cases on the maintenance of existing relationships. But whether highlighting development or maintenance, research on antecedents has involved the examination of interpersonal processes that unfold over time.

Theoretical Models of LMX Development

We uncovered two theoretical articles pertaining to LMX development (Scandura & Lankau, 1996; Uhl-Bien, Graen, & Scandura, 2000), and both represent extensions of previous theories of LMX development by Graen and his colleagues (Graen & Scandura, 1987; Graen & Uhl-Bien, 1995). Scandura and Lankau (1996) present theoretical extensions of LMX theory designed to specifically address demographic diversity. These scholars note that the steady increase in diversity in the United States workforce implies that the percentage of leader–member dyads that are demographically diverse will increase correspondently. Scandura and Lankau present a model proposing sets of "social psychological processes" and "contextual influences" (p. 252) that moderate the relation between leader–member diversity and LMX. The social psychological processes identified are self-knowledge, interpersonal skills, communication competence, and cultural competence. Although important in the formation of any LMX relationship, these processes are especially salient for LMX development within demographically diverse leader–member dyads because of their role in overcoming stereotypes and cultural barriers. Scandura and Lankau argue that individuals armed with high self-awareness, including high self-esteem and self-efficacy and a strong sense of one's self-goals, are in a better position as a leader or member to form high-quality LMX relationships. Individuals possessing strong interpersonal and communication skills as well as cultural competence were also proposed to be key individual factors needed for overcoming differences in background, values, attitudes, and perspective that characterize demographically diverse dyads.

The contextual influences identified as moderating the relation between leader–member diversity and LMX were organizational climate/culture, group/organizational composition, economic environment, and organizational support for diversity. It was argued that forming high quality LMX relationships in demographically diverse leader–member dyads represents an uphill battle if the organization's culture is based on a tradition of homogeneity (Schneider, 1987) and if diversity is not supported by the organization. Economic downturns also were proposed to stall the formation of high LMX relationships in diverse leader–member dyads, because short-term financial goals would take precedence over long-term goals such as achieving greater organizational diversity.

A section of Uhl-Bien and colleagues' (2000) article on the integration of LMX and human resource management systems was devoted to providing theoretical detail on the role-making and role-taking processes described by Graen and Scandura (1987) and Graen and Uhl-Bien (1995). In particular, it is argued that for dyads to transform "from individual interest to shared interests," mutual respect, trust, and sense of obligation must form (Uhl-Bien et al., 2000).

Empirical Research on LMX Antecedents

Although examination of "LMX antecedents" implies the study of how LMX relationships develop over time, only one of the investigations (Murphy & Ensher, 1999) used a longitudinal design. For the remaining studies, it was necessary to extrapolate LMX developmental processes from cross-sectional data.

Member characteristics. Several studies have examined the relation between member characteristics and LMX. Murphy and Ensher (1999), consistent with Graen and Scandura's (1987) focus on member performance as the driving force behind LMX relationships, reasoned that factors indicative of job performance should be associated with LMX. Specifically, Murphy and Ensher hypothesized that member job experience, general ability, and self-efficacy would be positively related to LMX. A positive correlation in support of the hypothesis was found between member self-efficacy and LMX, but correlations between job experience and LMX and between general ability (operationalized as high school GPA) and LMX were not significantly related. Following the same reasoning, Deluga (1998) examined the relationship between subordinate job performance and LMX. In a study of 127 dyads from various organizations, the relationship between performance and LMX did not reach conventional levels of statistical significance.

A number of investigations have explored the effects of perceived and actual minority status on LMX quality. Day, Cross, Ringseis, and Williams (1999) investigated the effect of "nontraditional underrepresentation" on LMX. Whereas traditional underrepresentation is present due to race/ethnicity, religion, sexual orientation, or physical disability, nontraditional underrepresentation refers to whites, who feel victimized by reverse discrimination, job classification, departmental affiliation, or gender. Day and his colleagues found a significant negative biserial correlation between nontraditional underrepresentation and LMX in their study of 254 university library personnel (15% of whom considered themselves nontraditionally underrepresented). ANOVA results with post hoc mean comparisons revealed that the nontraditionally underrepresented group reported significantly lower LMX than did the "not underrepresented" group, but did not differ from the traditionally underrepresented group.

In an investigation of "traditional underrepresentation," Colella and Varma (2001) studied the effects of member physical disability, ingratiation, and performance on LMX as rated by supervisors in both a field simulation and a field study. These authors contended that because performance expectations have been shown to be related to LMX (Liden, Wayne, & Stilwell, 1993), and because such expectations tend to be lower for disabled employees due to negative stereotyping, it follows that LMX quality should be lower for disabled than nondisabled employees (Colella, 1996). These authors speculated, however, that ingratiation, shown in numerous studies to favorably alter attributions made by targets, when used by disabled subordinates might mitigate the negative effects of having a disability on LMX quality. In the field simulation involving 85 students who applied for a "real" part-time campus job, a professional actor played the role of either a disabled or normal subordinate of the subject (who played the role of supervisor) and either did or did not engage in ingratiation. Performance was manipulated by providing bogus performance information to the subjects. With subject- (supervisor-) rated LMX as the dependent variable, main effects for performance and ingratiation, as well as the interaction between ingratiation and disability, were significant. In the field study involving 220 subordinates (32 reporting disabilities) and 41 supervisors (none reporting disabilities), main effects were found for disability, ingratiation, and performance, and once again, the ingratiation x disability interaction was significant. In both studies, main effects showed that both performance and ingratiation positively influenced LMX, but the form of the ingratiation x disability interaction varied between the two studies. Specifically, in the simulation, there were no differences in LMX between the disabled and nondisabled conditions when there was no ingratiation, but significantly higher LMX in the disabled/ingratiation condition. This indicated a positive bias in LMX toward disabled subordinates who used ingratiation. However, in the field study, there was no difference in LMX between disabled and nondisabled subordinates who engaged in relatively high levels of ingratiation. But more importantly, unlike the simulation, supervisor-rated LMX for disabled subordinates who engaged in low levels of ingratiation were significantly lower than LMX ratings for all nondisabled subordinates and disabled subordinates using high levels of ingratiation.

Lamude, Scudder, and Simmons (2000) found the difference between temporary and full-time employees on LMX quality to be nonsignificant in their sample of 80 full-time and 78 temporary "consumer relations employees from three financial institutions" (p. 690). They explained these results as occurring because leaders have been shown to develop LMX relationships very quickly, and would have an interest in doing so with temporary employees so as to elevate work-related attitudes and behaviors. Lamude and colleagues also noted that all temporary employees in their sample reported the desire to obtain full-time employment in the organization. It is very likely that this fact prompted leaders and members to ignore formal temporary status of employees when forming LMX relationships. As these authors suggest, research is needed on temporary employees who do not have aspirations for full-time employment.

Leader characteristics. We uncovered only one study (Allinson, Armstrong, & Hayes, 2001) reporting a leader individual characteristic as an antecedent of LMX. However, despite the use of "leader–member exchange" in the title of the article, neither LMX nor a surrogate of LMX was measured in this study. These researchers reported positive associations between the degree to which leaders were intuitive and the extent to which members liked and respected their leaders. Intuitive leaders were defined as those who "tend to be relatively nonconformist, prefer a rapid, open-ended approach to decision making, rely on random methods of exploration, and work best on problems favoring a holistic approach (Allinson et al., 2001).

Leader–member relational demography. Several studies on LMX antecedents conducted in the past few years employed a relational demography approach. Pelled and Xin (2000) found leader–member sex similarity to be positively related to LMX both in a U.S. and a Mexican production facility owned by the same organization, consistent with past LMX research (Green, Anderson, & Shivers, 1996), as well as research revealing that supervisor-rated liking and performance ratings of subordinates was lower when the subordinate was of the opposite sex (Tsui & O'Reilly, 1989). However, contrary to expectation, the sex similarity effect was stronger in the U.S. sample than it was in the Mexican sample. These researchers had expected that the patriarchal culture in Mexico would magnify the positive effects on LMX for male subordinates working for male leaders, while exacerbating the negative effect on LMX for males assigned to female managers. Basu and Green (1995) also examined sex similarity but found no effect (same as Bauer & Green, 1996), perhaps because of range restriction—95% of the leaders and 71% of the members were male. Epitropaki and Martin (1999) examined age difference, tenure difference, and gender similarity as predictors of LMX, but did not find any relationships. Finally, Varma and Stroh (2001) examined the influence of sex similarity between leaders and members on LMX. In a field study, 42 male and 18 female leaders representing four organizations rated their 117 male and 103 female subordinates. Results showed LMX to be significantly higher in same-sex dyads. But even more noteworthy in Varma and Stroh's investigation was the finding that LMX was rated higher in female–female dyads than in male–male dyads. Research is needed to determine if these results replicate when LMX is reported by subordinates.

In addition to the examination of leader–member sex similarity, Pelled and Xin's (2000) results also showed that race similarity was positively related to LMX in the United States (but not in Mexico), and age similarity was *negatively* related to LMX in Mexico, but not significant in the United States. The negative effect of age similarity on LMX was explained with social comparison theory (Festinger, 1954). Specifically, Pelled and Xin reasoned that social comparisons are more likely made with respect to similar individuals. When leaders and subordinates are approximately the same age, subordinates may feel a sense of "jealousy and resentment" (p. 1080) for leaders who had advanced further in the organization despite their similarity in age to themselves.

Research by Basu and Green (1995) simultaneously examined leader–member similarity on age, sex, race, tenure, education, and attitudes as correlates of LMX. A regression equation demonstrated significant beta weights for educational and attitudinal similarity, while weights for age, sex, race, and tenure similarity were not significant. Although the simple correlation between attitudinal similarity and LMX was significant ($r = .26$), this was not the case for educational similarity ($r = .04$, *ns*). This suggests that educational similarity was significant due to its correlation with error in another independent variable(s), rather than for a direct association with LMX.

Leader and member perceptions. Studies by Basu and Green (1995), Engle and Lord (1997), Masterson, Lewis, Goldman, and Taylor (2000), Maslyn and Uhl-Bien (2001), and Varma and Stroh (2001) examined perceptual variables as LMX antecedents. Engle and Lord found both leader and member liking of each other to be positively related to LMX as reported by both parties. Similarly, Varma and Stroh asked 60 supervisors to rate their 220 subordinates on degree of liking with each subordinate as well as LMX. Results revealed a positive correlation between liking of subordinates and LMX. Thus, the Engle and Lord and Varma and Stroh studies provided replication of previous research showing a positive relation between liking and LMX (Liden et al., 1993; Wayne & Ferris, 1990).

Masterson and her colleagues (2000) found interactional justice to be an antecedent of LMX. It appears that the degree to which leaders engage in behaviors that are perceived by members as being fair translates into the extent to which members reciprocate with currencies of value such as loyalty or job-related behaviors. These reciprocating behaviors in turn influence the nature of the resulting LMX relationship.

In a study involving 285 library employees, Cogliser and Schriesheim (2000) found that member perceptions of their leaders' bases of power were related to LMX. Specifically, French and Raven's (1959) expert, referent, legitimate, and reward power bases were positively, and coercive power was negatively, related to LMX as hypothesized. The rationale for this hypothesis was that leader power is a necessary prerequisite for leader differentiation between subordinates. Specifically, leaders need to possess expert, referent, legitimate, and/or reward power in order to be in a position to offer "extra" resources and support to selected subordinates. Without power, leaders would not have access to the "currencies of exchange" for developing high LMX relationships (Dienesch & Liden, 1986).

Basu and Green (1995) tested Graen and Cashman's (1975) contention that LMX relationships are based largely on task-related behaviors of subordinates, and found significant correlations between member-reported LMX and leader ratings of member in-role behavior, organizational citizenship behavior directed toward specific individuals, such as fellow group members and the supervisor, and organizational citizenship behavior directed toward the organization in general. In a regression analysis, however, although both organizational citizenship behaviors were significant, in-role behavior was not. This may be due to the fact that in-role behavior is expected of all subordinates, even those with low LMX, whereas organizational citizenship behaviors are discretionary and represent "extra" behaviors that high LMX members engage in for their leaders.

Providing rationale for an investigation exploring similarity in leader and member implicit theories, Engle and Lord (1997) argued that people rely on implicit theories when evaluating the behavior of others, such as dyadic partners, and use this information to guide their own behavior toward the dyadic partner (Lord & Maher, 1991). Engle and Lord investigated both implicit leadership theories and implicit performance theories as correlates of LMX. They operationally defined implicit leadership theories as prototypes of the behaviors characteristic of effective leaders. "Implicit leadership theory traits were: intelligent, cooperative, enthusiastic, decisive, sincere, goal-oriented, persuasive, wise, dedicated, and motivated" (p. 995). Similarly, implicit performance theories were defined as prototypes of the behaviors in which effective employees engage. Implicit performance theory traits were: "interested in work, conscientious, gives suggestions, hard-working, honest, thorough, independent thinker, takes suggestions, qualified for job, communicates effectively, reliable, punctual in meeting deadlines, self-motivated, follows through on tasks, enthusiastic, cooperative, and competent" (p. 995). Results provided support for the hypothesis that leader–member congruence on implicit performance theories would be positively related to LMX. However, the relation between leader–member congruence on implicit leadership theories and LMX was not significant.

Ashkanasy and O'Connor (1997) investigated leader–member congruence on values as correlates of LMX, with five values emerging from a factor analysis of Schwartz and Bilsky's (1987) "value domains": (1) *Freedom* reflects "a desire for independence and freedom to choose personal goals"; (2) *achievement* "represents a desire to achieve desirable life goals"; (3) *mateship* reflects "supportive and loyal friendship"; (4) *obedience* "represents a desire to be dutiful and to conform to rules"; and (5) *coping* is defined as "a desire to survive and to avoid taking risks" (pp. 651–652). Using dichotomized LMX (low/high) as the independent variable, MANOVA results provided support for value similarity, as means were in the predicted direction (i.e., highest similarity for high LMX relationships). Multidimensional scaling analyses further revealed that leader–member compatibility on obedience (authority), achievement, and mateship (affiliation) are positively associated with LMX.

Another study operationalized values as consisting of (1) feelings about moral/ethical issues; (2) preferences for work environments; and (3) Protestant work ethic (Dose, 1999). In this study, Dose (1999) not only calculated actual agreement between leader and member on each of these three values, but also asked leaders and members for their perceptions of how similar their dyadic partner would respond to the value questions relative to their own responses. Results showed that actual leader–member similarity in values, as well as demographic similarity, were not significantly related to LMX. However, perceived similarity on work environment preference values and Protestant work ethic were positively related to LMX.

Arguably the most insightful contribution to knowledge of LMX antecedents was research by Maslyn and Uhl-Bien (2001) on leader and member perceptions of the effort put forth by one's self and one's dyadic partner in the development and maintenance of the relationship. These authors contended that effort perceptions of leader and member might represent critical components in the process by which LMX relationships form and are maintained. Analyses were conducted both with same-source reports of self and other partner effort and cross-dyad reports of member and leader effort. Results revealed that in both same-source and cross-dyad analyses, effort was significantly related to LMX, with effects substantially larger for perceptions of others' effort relative to self-effort. Of particular interest was the interaction found between self-effort and others' effort on both member and leader reports of LMX, showing that the lowest LMX levels were reported by leaders and members who felt that they exerted much effort toward the relationship, but that their dyadic partners had devoted little effort to the relationship. A significant interaction between LMX and dyad tenure with intended future effort as the dependent variable revealed that as dyad tenure increased for those involved in high LMX relationships, intended future effort also increased. However, intended future effort was not related to dyad tenure in low LMX relationships. These results appear to provide explanation for the stability of LMX across time. Finally, Maslyn and Uhl-Bien, in an assessment of LMX dimensions identified by Liden and Maslyn (1998), found effort to be most closely related to professional respect that leaders and members expressed for each other. These authors interpreted these results as indicating that respect for the professional expertise and accomplishments of the dyadic partner may be a driving force in the development of LMX relationships.

Contextual variables. We uncovered only one study that examined contextual variables as antecedents of LMX. Cogliser and Schriesheim (2000) framed their study as one of the few to address Dienesch and Liden's (1986) call for the need to research the context surrounding the development and maintenance of LMX relationships. Using within and between analysis (WABA; Dansereau, Alutto, & Yammarino, 1984), results revealed that although group size was not associated with LMX, work group cohesiveness, work group cooperation, and organizational climate (operationalized as role stress, job challenge, and autonomy) were all significantly related to LMX. Interestingly, all of these effects were found to occur both within and between groups. Cogliser and Schriesheim interpreted this finding as suggesting that "the LMX phenomenon is not strictly a dyadic theory or an ALS-based theory, but a combination of both of these theoretical models" (p. 506). In fact, this was also one of the only studies to comply with the recommendations for LMX researchers to address levels-of-analysis issues by examining between- as well as within-group differences (Schriesheim, Castro, & Cogliser, 1999).

Summary and Conclusions from Research on Antecedents of LMX

Research published in the past several years has succeeded in replicating past findings on the positive relations between LMX and such perceptions as liking of and similarity to one's dyadic partner. Similarity on demographic characteristics has been addressed in relational demography research, which has with some consistency found support for a positive correlation between leader–member sex similarity and LMX. Findings of research on other relational demography variables and on value similarity have been inconsistent. We uncovered only one study that examined the role of context on LMX, an investigation demonstrating work group cohesiveness and organizational climate to be positively related to LMX.

Despite the small but steady volume of research on LMX antecedents appearing since about 1990, much remains to be learned about the way in which LMX relationships form and are maintained over time. For example, Yukl (2002, p. 120) argued that "[t]he theory needs more elaboration about the way exchange relationships evolve over time." Rather than rigorously examining the process of LMX development, the empirical studies appearing in the last several years have tended to add to the *list* of tested LMX antecedents or have provided replication of previous research on antecedents of LMX. Perhaps the most compelling study on LMX antecedents was the study of one's own and the dyadic partner's effort in developing and maintaining the relationship (Maslyn & Uhl-Bien, 2001). Clearly this research addressed the process underlying LMX relationships. This study represents a step in the right direction, as we still need to know much more about the *process* by which LMX relationships form and are maintained. Especially beneficial would be longitudinal research, which continues to be the exception rather than the rule.

Consequences of LMX

With the exception of a number of theoretical papers and a meta-analysis, all recent studies examining the link between LMX and consequences have been conducted in field settings. Table 3.2 presents a list of theoretical and empirical studies examining the relationship between LMX and its consequences. In addition to replicating some of the previous links, recent studies uncovered several attitudes, behaviors, and outcomes related to LMX.

Table 3.2. Consequences of LMX

Author (s)	*Consequences Examined (Source)*[a]	*Type of Study*[b]	*Sample Characteristics*
Andrews & Kacmar (2001)	Distributive justice (M) Perceived organizational politics (M)	F	418 employees of a water management district
Basu & Greer (1997)	Autonomy (M) Leader support (M) Employee commitment (M) Innovative behaviors (L)	F	225 employees and 58 supervisors from a Fortune 500 manufacturing company
Bernas & Major (2000)	Job stress (M) Work interference with family (M)	F	90 employed women living with a significant other and/or a child
Cleyman, Jex, & Love (1995)	Intent to file a grievance (M)	FS	125 blue-collar employees of an automotive factory
Deluga (1998)	Organizational citizenship behaviors (L) Supervisor effectiveness (M)	F	127 employed continuing education students and their managers
DelVecchio (1998)	Sales-manager granted latitude (M) Salesperson loyalty (L) Salesperson competence (L) Adaptive selling behaviors (M) Salesperson performance (L)	F	155 salespeople and their respective managers from 47 manufacturing firms
Epitropaki & Martin (1999)	Employee well-being (M) Commitment (M) Job satisfaction (M)	F	73 administrative employees of a large academic institution
Farmer, Maslyn, Fedor, & Goodman (1997)	Subordinate use of hard influence strategies (M)	F	225 employees of a nonprofit organization
Fernandez & Vecchio (1997)	Performance (L)	F	332 employees and 32 managers in a university
Gerstner & Day (1997)	Performance ratings Objective performance Job satisfaction Satisfaction with supervisor Organizational commitment Role conflict Role clarity Actual turnover Intention to leave	M	Not applicable
Gomez & Rosen (2001)	Empowerment (M)	F	128 dyads from 13 organizations

Table 3.2. Consequences of LMX (Cont.)

Author (s)	*Consequences Examined (Source)*[a]	*Type of Study*[b]	*Sample Characteristics*
Hofmann & Morgeson (1999)	Safety communication (M) Safety commitment (L) Accidents (A)	F	49 group leaders and their 21 supervisors in a manufacturing facility
Howell & Hall-Merenda (1999)	Performance (A) Transformational leadership (M) Contingent reward leadership (M) Management by exception (M)	F	317 employees and 109 supervisors in a large Canadian financial institution
Hui, Law, & Chen (1999)	Organizational citizenship behaviors (L) In-role performance (L)	F	386 dyads from a Sino-Hong Kong joint venture.
Kacmar, Carlson, & Brymer (1999)	Organizational commitment (M)	F	196 hospitality managers and their supervisors from a company.
Klein & Kim (1998)	Goal commitment (M) Sales performance (A)	F	59 salespeople from a retail organization.
Kraimer, Wayne, & Jaworski (2001)	Expatriate work adjustment (M) Task performance (L) Contextual performance (L)	F	213 expatriate dyads from three U.S.-based multinationals
Law, Wong, Wang, & Wang (2000)	Performance ratings (L) Giving subordinates higher bonus allocations (L) Trying hard to promote the subordinate (L) Giving subordinates favorable job assignments (L)	F	189 employees and 65 supervisors from a consumer products and a textile company in China
Liden, Wayne, & Sparrowe (2000)	Empowerment (M) Work satisfaction (M) Organizational commitment (M) Job performance (L)	F	337 employees and their immediate supervisors from a large service organization
Maslyn, Farmer, & Fedor (1996)	Withdrawal from influence attempts following initial failure (M) Choice to pursue influence with the same supervisor (M)	F	131 employees of a nonprofit organization
Masterson, Lewis, Goldman, & Taylor (2000)	Supervisor-directed citizenship behaviors (M) Performance (A) Job satisfaction (M)	F	651 employees (performance data available for 205) of a large public university.
McManus & Russell (1997)	Mentoring	T	Not applicable

Table 3.2. Consequences of LMX (Cont.)

Author (s)	*Consequences Examined (Source)*[a]	*Type of Study*[b]	*Sample Characteristics*
Nelson, Basu, & Purdie (1998)	Job stressors (M)	F	195 employees at a public university
Pillai, Scandura, & Williams (1999)	Procedural justice (M) Distributive justice (M) Job satisfaction (M)	F	240 U.S., 160 Australian, 80 Indian, 85 Columbian, and 190 Middle Eastern employees from different organizations.
Scandura & Lankau (1996)	Outcomes for minorities	T	Not applicable
Schriesheim, Castro, & Yammarino (2000)	Organizational commitment (M) Job performance (L)	F	150 employees and 75 managers from a bank
Schriesheim, Neider, & Scandura (1998)	Delegation (M) Intrinsic and extrinsic job satisfaction (M) Performance (L)	F	106 dyads from a flower-importing company
Scott & Bruce (1998)	Subordinate innovative behavior (L)	F	110 professionals and 22 managers from a R&D facility (Sample 1) and 149 R&D engineers and 26 managers from a manufacturing company (Sample 2)
Thibodeaux & Lowe (1996)	Leader power (M)	F	72 human resource professionals from two private sector and two public sector organizations in southeast U.S.
Tierney (1999)	Change climate perceptions (M)	F	157 dyads from a large corporation
Tierney, Farmer, & Graen (1999)	Creative idea generation (M, A)	F	159 dyads from the R&D division of a company (N = 166 for archival measure)
Townsend, Phillips, & Elkins (2000)	Task performance (L) Organizational citizenship behaviors (L) Organizational retaliation behaviors (L)	F	150 employed students enrolled at a public university and their supervisors
Varma & Stroh (2001)	Performance ratings (L)	F	220 employees and 60 managers from four organizations
Varma, Stroh, & Schmitt (2001)	Chances of being selected for international assignments	T	Not applicable

Table 3.2. Consequences of LMX (Cont.)

Author (s)	*Consequences Examined (Source)*[a]	*Type of Study*[b]	*Sample Characteristics*
Vecchio & Norris (1996)	Turnover (A)	F	105 nurses from a private hospital
Vecchio (1998)	Performance ratings (L)	F	45 tellers and 12 branch managers in a medium-sized bank
Wayne, Liden, Kraimer, & Graf (1999)	Salary progress (A) Assessment of promotability (L) Career satisfaction (M)	F	245 dyads from a large manufacturing company
Wayne, Shore, & Liden (1997)	Performance ratings (L) OCB (L) Favor doing (M)	F	252 dyads at a large corporation
Yukl & Fu (1999)	Delegation (M) Consultation (M)	F	396 employees and 87 managers from 14 different organizations

[a] Source: M = member; L = leader; A = archival data

[b] F = field study; FS = field simulation; T = theoretical (nonempirical); M = meta-analysis

Attitudes and perceptions. Since the inception of LMX theory, employee attitudes and perceptions have attracted research attention as consequences of LMX, and the positive relationship between LMX and work attitudes has been firmly established. In a meta-analysis including 164 LMX-related studies published between 1984 and 1996, Gerstner and Day (1997) found that LMX was positively correlated with satisfaction with supervisor, job satisfaction, organizational commitment, and role clarity, and negatively correlated with turnover intentions and role conflict. Studies following this meta-analysis continued to explore the relationship between LMX and job attitudes, and found LMX to be positively related to job satisfaction, procedural and distributive justice (Pillai, Scandura, & Williams, 1999), perceived leader support (Basu & Green, 1997), organizational commitment (Basu & Green, 1997; Liden, Wayne, & Sparrowe, 2000; Kacmar et al., 1999), and negatively related to a number of job stressors (Nelson, Basu, & Purdie, 1998) and job stress (Bernas & Major, 2000). These studies provided additional support for the positive effects of LMX on work attitudes.

Most studies linking LMX to organizational attitudes did not control for exchanges individuals form with their team members, and with the overall organization. With the absence of these controls, some of the observed relationships between LMX and organizational attitudes may be inflated. The exchanges individuals form with their team members or with the organization may be a better predictor of some of the organizational attitudes. Two recent studies attempted to fill this gap, by examining LMX together with perceived organizational support (POS; Eisenberger, Huntington, Hutchison, & Sowa, 1986), which may be regarded as the exchange quality between the individual and the organization. These researchers categorized organizational attitudes based on their foci, and examined which attitudes were more strongly related to LMX, and which attitudes were more consistently related to POS. Wayne, Shore, and Liden (1997) showed that POS but not LMX was positively related to affective commitment and negatively related to intentions to quit. Similarly, Masterson and her colleagues (2000) showed that LMX fully mediated the relationship between interactional justice and job satisfaction, whereas POS fully mediated the relationship between procedural justice, turnover intentions, organizational commitment, and job satisfaction. It seems that even though the simple correlations between LMX, organizational commitment, and turnover intentions are often significant and high, the exchanges individuals form with the organization may be a stronger predictor of organizational commitment and turnover intentions, compared to LMX. Considering the foci of organizational attitudes, and examining LMX together with organizational exchanges individuals form with their team members and with the organization constitute important developments in understanding the link between LMX and organizational attitudes.

In addition to being directly related to organizational attitudes, LMX has been examined as a moderator of organizational attitudes and their antecedents. For example, Schriesheim, Neider, and Scandura (1998) examined LMX as a moderator of the delegation–satisfaction relationship. Their findings indicated that delegation of responsibility was negatively related to extrinsic satisfaction for low LMX employees, and positively related for high LMX employees. This finding suggests that providing additional responsibilities to low LMX employees may lead to lower levels of satisfaction, because individuals may need the task-related support high LMXs provide in order to successfully complete delegated assignments. Epitropaki and Martin (1999) examined LMX as a moderator of the relationship between demographic dissimilarity and work attitudes, and found that for low LMX employees, age dissimilarity in the dyad was more negatively related to subjective well-being. In addition, for low LMX employees, tenure dissimilarity in the dyad was more negatively related to levels of commitment, job satisfaction, and well-being. Even though their moderate sample size of 73 may limit generalizability, their findings indicate that the negative effects of demographic dissimilarity on attitudes may be attenuated when leaders form high-quality exchanges with members. Finally, Mansour-Cole and Scott (1998) examined employee reactions to layoffs and found that when high LMX members heard about the impending layoffs from a source other than their supervisor, their perceptions of procedural justice was much lower compared to low LMX members who heard about the layoffs from other sources. Their findings suggest that high LMX employees have higher expectations from their leaders, and when their expectations are not met, they react more negatively compared to low LMX members whose expectations are not met. Altogether, these findings suggest that in addition to having direct effects on organizational attitudes, LMX acts as a contingency variable influencing the relationship between attitudes and their antecedents.

Even though most studies found a relationship between LMX and positive work attitudes, there are also notable exceptions. An interesting finding emerged in Bernaş and Major's (2000) study of working women, in which LMX had an indirect negative relationship with work interference with family through lower levels of job stress, but at the same time had a direct positive relationship with work interference with family. To the extent that high LMX members work harder and exert more effort for the benefit of the organization, it is plausible that they spend more time at work and experience more work–family conflict. This finding indicates the need for studies examining LMX with respect to a broader range of attitudes, other than attitudes toward a person's job and organization.

Psychological empowerment refers to employee cognitions related to motivation (Spreitzer, 1995). Using Spreitzer's (1995) multidimensional measure of empowerment, Liden and colleagues (2000) found that LMX was related to the impact dimension, or the extent to which employees believe they can influence outcomes at work, and the self-determination dimension, which refers to perceptions of having a choice in initiating and regulating actions. In addition, Gomez and Rosen (2001) found that LMX mediates the relationship between manager trust in employee and perceived empowerment. The latter study operationalized LMX as the extent of information exchange in the dyad, instead of measuring overall relationship quality. Still, these studies support the positive link between LMX and empowerment.

LMX has been related to climate perceptions of employees. Andrews and Kacmar (2001) predicted that LMX would be negatively related to perceived organizational politics. Contrary to their expectations, LMX was positively related to perceived organizational politics in a large governmental organization. Tierney (1999) found that high LMX employees perceived the climate as more conducive to change. She also found that the extent to which leader perceptions of climate were related to member perceptions depended on the LMX level such that, for low LMX members, leader perceptions were negatively related to member perceptions of climate. Tierney's findings indicate the importance of studying the similarity between leaders and members in climate perceptions, which may explain the unexpected findings in the Andrews and Kacmar study. Even though high LMX members may perceive organizational climate more positively due to the potential influence of leaders in determining climate perceptions of subordinates, individuals may not necessarily perceive climate dimensions that are not under the leader's control more positively. In the Andrews and Kacmar study, if leaders had little influence in the amount of politics prevalent in the organization, high LMX members may not perceive the organizational climate as less political. Instead, high LMX members may perceive organizational climate in a way similar to their leaders. High LMX members receive unsolicited information from their leaders more frequently (Kramer, 1995). It is plausible that leaders explain how things work in the organization, and communicate their perceptions about the organization to high LMX members and shape their climate perceptions. Therefore, for climate dimensions that are not strongly under leaders' control, we would expect high levels of similarity between leaders and members, rather than more positive climate perceptions on the part of the members.

In addition to being examined as an antecedent of LMX, leader power and perceived leader behaviors were studied as consequences of LMX. In a study of 72 HR professionals, in-group members reported more frequent leader use of expert, referent, and reward power, and less frequent use of coercive power (Thibodeaux & Lowe, 1996). Researchers also found a relationship between LMX and perceived leader behaviors. In a field study involving 396 employees from 14 organizations, Yukl and Fu (1999) showed that high LMX members perceived their leaders as engaging in higher levels of delegation and consultation. Finally, in a longitudinal study, Howell and Hall-Merenda (1999) found that LMX was positively related to perceptions of transformational leadership and contingent reward behaviors of leaders, and negatively related to management by exception. In this study, LMX was actually measured 6 months later than the measurement of leader behaviors. These findings suggest that high LMX members perceive their leaders as using inspiration, consultation, and rewards to influence them, and are less likely to perceive their leader as engaging in coercive behaviors, or more distant forms of leadership. Because these studies did not measure LMX before the outcome variables, inferences about the direction of relationship require caution.

Behaviors. Task performance and contextual performance are two important aspects of job performance in organizations (Borman & Motowidlo, 1997) and have been frequently studied as consequences of LMX. In their meta-analysis, Gerstner and Day (1997) reported significant correlations between LMX and task performance, but the strength of this relationship was dependent on the type of performance measure used. Objective measures had weaker correlations with LMX, whereas supervisor ratings of subordinate performance had stronger correlations with LMX. Recent research replicated the relationship between LMX and leader ratings of task performance (Kraimer, Wayne, & Jaworski, 2001; Townsend, Phillips, & Elkins, 2000; Varma & Stroh, 2001) and contextual performance (Deluga, 1998; Kraimer et al., 2001). Studies outside the U.S. also confirmed a relationship between LMX, leader ratings of task performance (Hui, Law, & Chen, 1999; Law, Wong, Wang, & Wang, 2000), and citizenship behaviors (Hui et al., 1999). Finally, studies employing different controls also found a significant relationship between LMX, task, and contextual performance. Wayne and colleagues (1997) and Masterson and colleagues (2000) examined LMX together with POS, and found that LMX was related to both performance and citizenship behaviors. Howell and Hall-Merenda (1999) found that controlling for transformational leadership, LMX was positively related to performance, and this relationship was not moderated by the physical distance between leaders and members. However, replicating earlier findings indicating a weak relationship between LMX and objective performance, DelVecchio (1998) studied field sales employees and found a relationship with a subjective indicator of performance, but did not find a relationship with an objective measure of sales performance.

The weak relationship between LMX and objective performance is one of the important issues in need of further examination. Currently, it is not clear whether high LMX members actually perform at higher levels, or whether the higher ratings reflect perceptual bias on the part of leaders when rating high LMX members. There is some research evidence suggesting that supervisors tend to rate high LMX employees higher than their objective performance would warrant (Duarte, Goodson, & Klich, 1994). Even though recent research failed to replicate this relationship (Vecchio, 1998), in the latter study the sample size was small, and the failure of replication may be due to lack of power. In other words, there is reason to expect that leaders rate the performance of high LMX members in a more positive manner, leading to the observed positive relationships between LMX, task, and contextual performance in the literature. An important future research direction would be to relate LMX to performance measures taken from outside the dyad, such as from coworkers or customers. Objective performance measures reflect limited aspects of employee job descriptions, and therefore they may be deficient. In addition, objective measures are a function of a number of situational factors that are beyond employees' control, increasing the likelihood of measurement contamination. Therefore, subjective performance ratings may be valid measures of task and contextual performance. However, relying only on supervisor reports to test LMX–performance relationship introduces the possibility of biased ratings for high LMX members. Therefore, using nontraditional rating sources or multiple sources to test this relationship is important.

LMX has been examined as a moderator of the relationship between performance and its antecedents. Schriesheim and colleagues (1998) found that LMX reported from the supervisors' perspective was a moderator of the relationship between delegation and employee performance such that delegation was positively related to employee performance only for high LMX employees. Similarly, LMX was a moderator of the goal commitment–performance relationship such that goal commitment was positively related to performance only for high LMX employees (Klein & Kim, 1998). Expectancy theory (Vroom, 1964) may be used to explain these findings. According to expectancy theory, individual motivation will be higher when individuals perceive high levels of expectancy (effort–performance linkage) and high levels of instrumentality (performance–reward linkage). Delegation and goal setting may increase employee instrumentality perceptions and therefore may have an impact on employee motivation and performance. However, for low LMX employees, expectancy perceptions may be low. Because low LMX members may not foresee leader support, they may believe that their effort will not result in high performance, leading them to exert less effort and perform at lower levels. High LMX members may perceive high levels of expectancy, and therefore they may exert higher levels of effort and perform at higher levels. Future research may benefit from a direct examination of expectancy and instrumentality perceptions of high and low LMX employees following performance interventions.

Employee creative behaviors or innovativeness received some attention as consequences of LMX. Basu and Green (1997) studied manufacturing employees and found a relationship between LMX and supervisor ratings of employee innovativeness. Studies conducted in research and development (R&D) settings replicated this relationship. In a study of R&D professionals, Scott and Bruce (1998) found that LMX was related to manager reports of employee innovative behaviors. In this study, there was a correlation of .49 between their subjective measure of innovativeness and an objective measure. In addition, they were able to replicate their finding in an independent sample. In another study of R&D employees, Tierney, Farmer, and Graen (1999) found that LMX was related to supervisor reports of employee creativity, and to independent panel evaluations of the ideas the employees filed regarding their creativity. These findings indicate support for a relationship between LMX and employee innovativeness.

Recent research examined the relationship between LMX and patterns of power and influence subordinates use in order to influence their leaders. Farmer, Maslyn, Fedor, and Goodman (1997) predicted that LMX would be negatively related to the use of hard influence tactics such as assertiveness, upward appeal, and exchange to influence supervisors, but they did not find the expected relationship. Their study was conducted in a nonprofit organization, and respondents reported very low levels of hard influence tactics, as evidenced by the low means and standard deviations for these measures. Still, other studies showed that high and low LMX members differ in the way they attempt to influence their supervisors. Maslyn, Farmer, and Fedor (1996) found that LMX was positively related to intentions to withdraw from an influence attempt targeting the leader after initial failure. In this study, LMX was negatively related to the choice to pursue the same supervisor after a failed influence attempt, suggesting that high LMX members expect to influence their leaders in the first try, if it is at all possible. In addition, Cleyman, Jex, and Love (1995) conducted a field simulation and found a relationship between LMX (operationalized as the information exchange within dyad) and intent to file a grievance when a dispute arose with the supervisor, indicating that high LMX members may be less likely to use formal channels to resolve problems with their supervisors.

Other behaviors that have been studied as consequences of LMX include organizational retaliation behaviors (Townsend et al., 2000), safety communication, and accidents in the workplace (Hofmann & Morgeson, 1999). Actual turnover continued to attract research attention as a potential consequence of LMX. Gerstner and Day (1997) reported a nonsignificant correlation between LMX and actual turnover in their meta-analysis. Later research continued to find nonsignificant relationships between LMX and turnover (Vecchio & Norris, 1996). It is surprising that even though LMX is positively related to satisfaction, commitment, and other job attitudes and behaviors, the relationship between LMX and actual turnover is not significant. One possible explanation is that situational factors such as job mobility, economic status of the employee, and availability of other jobs may have an impact on actual turnover. Low LMX employees may find it especially difficult to leave the organization because of the difficulty of obtaining favorable letters of recommendation. Yet another explanation is that employees with low LMX may have a desire to change their work groups and start working with another leader, rather than leave the organization altogether. In organizations in which internal transfers to comparable positions are possible, low LMX members may be initiating transfers and start working with a different leader, if they are satisfied with the support they receive from the organization. Therefore, future research looking at the relationship between LMX and actual turnover may consider the availability of alternative jobs within the same company, and examine the relationship between LMX and self-initiated lateral moves.

Outcomes provided by the organization. Following the earlier pattern of research reported in Liden and colleagues (1997), very few studies examined the relationship between LMX and outcomes provided by the organization. Wayne, Liden, Kraimer, and Graf (1999) found in a field study that LMX was positively related to salary progression, assessment of promotability, and career satisfaction of employees, and the relationships remained significant for salary progression and assessment of promotability even after controlling for human capital variables such as education, tenure, and training, and motivational variables such as desire for upward mobility and career planning. Researchers argued that one reason for the advancement barriers women and minorities face (Scandura & Lankau, 1996) and lower chances of selection for international assignments (Varma, Stroh, & Schmitt, 2001) may be their low LMXs. Partially supporting these arguments, Law and colleagues (2000) studied 189 dyads in two companies in China and found that leaders of high LMX members reported higher intentions to give favorable job assignments to these members. Liden and colleagues emphasized the need to conduct more research examining the relationship between LMX and organizational outcomes. Since their review, little progress has been made in filling the gap, presenting a promising area for future research in LMX literature.

Moderators of LMX–outcome relationship. One of the important criticisms of LMX theory is that it is moving toward a "one best way" of leadership, and has not adopted a contingency framework (Curie, 1997; House & Aditya, 1997; Schriesheim, Castro, & Yammarino, 2000). Countering this criticism, a number of recent studies examined moderators of the LMX–outcome relationship. The findings of these studies indicated that under certain conditions, LMX was not significantly related to outcomes, and under other conditions LMX was more strongly related to outcomes. In a study of university employees, Fernandez and Vecchio (1997) found that LMX was positively correlated with performance at middle and high levels of the organization, but not significantly correlated with performance at low levels. Because low-level jobs are more structured, the informational resources provided to high LMX members may not be crucial at lower levels in the organization. Similarly, Schriesheim and colleagues (2000) examined span of control and upward influence behaviors of subordinates as moderators of the LMX–outcome relationship. They found that LMX measured from the supervisor's perspective was positively related to commitment when leader span of control was high, and was not related to commitment when span of control was low. In addition, upward controllingness of employees moderated the relationship between supervisor perceptions of LMX, commitment, and performance. Finally, Tierney and colleagues (1999) found that the relationship between LMX and innovativeness was moderated by employee cognitive style such that the relationship was strongest for employees with low innovative cognitive style, suggesting that some employees may need the resources provided by the leader more than other employees to demonstrate innovativeness. Altogether, these results suggest that positive effects of LMX are attenuated under certain conditions and enhanced in others, and therefore it is necessary to examine other moderators of LMX–outcome relationship, especially for outcomes that showed inconsistent relationships with LMX.

Summary and Conclusions from Research on Consequences of LMX

Recent LMX studies continued to examine the effects of LMX on individual attitudes, behaviors, and organizational outcomes. LMX is consistently related to a number of organizational attitudes. In addition, LMX is related to task and contextual behaviors, when these behaviors are measured from the leader's perspective. In the past few years, researchers examined a wide range of attitudes and behaviors as consequences of LMX, and in most cases significant relationships have been found. Before generalizing these findings, it is important to consider the cross-sectional nature of many studies examining consequences of LMX.

Our review indicated a number of areas in need of future research. First of all, explicitly specifying the foci of organizational attitudes and behaviors, and relating LMX to these outcomes, while at the same time controlling for social exchanges individuals form with their team members and with the organization, seems to be a finer-grained approach that would increase our understanding of LMX and its consequences. Second, LMX has been related to a wide range of behaviors such as innovativeness, retaliation, and task and contextual performance. With a few exceptions, these behaviors were assessed from the supervisor's perspective, and may potentially reflect bias in ratings due to high relationship quality. The use of objective measures and measurement from multiple perspectives are necessary to understand the extent to which these observed relationships reflect actual performance improvements of high LMX members rather than bias in supervisory ratings. The third area is related to the relationship between LMX and organizational outcomes such as career advancement and salary progress. Only a handful of studies examined the relationship between LMX and organizational outcomes individuals receive, and more research in this area would increase our understanding of the potential implications of LMX for career outcomes. Finally, paying more attention to moderators would bring LMX theory a step closer to a contingency framework.

Differentiating LMX from Related Constructs.

In addition to studying antecedents and consequences of LMX, researchers attempted to draw the lines between LMX and related constructs in order to achieve construct clarity and prevent redundancy. There is much conceptual overlap between LMX and a number of constructs, including friendship, mentoring, trust, and interactional justice. Recent studies attempted to differentiate these constructs from LMX, or emphasized the need to make this differentiation.

LMX is argued to be distinct from friendship (Graen & Uhl-Bien, 1995). Developing this argument further, Boyd and Taylor (1998) proposed a model examining the development process of friendship and LMX. They argued that LMX development and friendship development will follow similar patterns, but becoming too friendly with subordinates may lead to favoritism, and may subject leaders to subordinate manipulations. To our knowledge, no empirical studies attempted to differentiate LMX and friendship. Because affect is a component of high LMXs (Bhal & Ansari, 1996; Liden & Maslyn, 1998), it is possible that individuals may not perceive LMX and friendship as separate constructs. Examining them in a study and exploring unique antecedents and consequences of LMX and friendship would be a fruitful avenue of future research.

Mentoring is another construct that is conceptually close to LMX (McManus & Russell, 1997). Mentoring provides career and psychosocial support to individuals, which is very similar to the type of developmental opportunities and social support provided to high LMX members. Thibodeaux and Lowe (1996) found that mentoring and LMX were correlated with each other, and both protégés and high LMX members perceived the pattern of their leaders' power use the same way. Despite their empirical correlation, treating them as separate constructs may be warranted. McManus and Russell (1997) distinguished the two constructs by arguing that LMX is likely to develop earlier, and will increase the likelihood that leaders demonstrate mentoring. We contend that one future research direction would be to identify conditions under which subordinates are more likely to distinguish between LMX and mentoring. Career stage of the employee may be one of the contingency variables. For new employees undergoing the socialization process in the organization, LMX and mentoring may have more overlap, because a high-quality relationship for a new and inexperienced employee may necessitate mentoring on the part of the manager, and employees may not perceive relationships that do not provide mentoring as being high in quality. For employees who are socialized into the organization, or for employees with much work experience, a high-quality relationship may exist without the existence of mentoring, and subordinates may be able to separate the two constructs.

Identifying the conditions under which subordinates are able to differentiate between the two constructs would contribute both to mentoring and LMX literatures.

Another construct that has much overlap with LMX is trust. Trust is defined as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (Mayer, Davis, & Schoorman, 1995, p. 712). Trust is a property of the relationships between individuals (Sheppard & Sherman, 1998), and therefore trust and high LMX usually coexists in the dyad. Dirks and Ferrin (2002) found a correlation of .69 between trust and LMX in their meta-analysis. The treatment of trust in LMX literature has been inconsistent. Several researchers included the existence of trust in the definition of a high LMX relationship, viewed trust as a component of LMX (Graen & Uhl-Bien, 1995; Uhl-Bien et al., 2000), and treated LMX development as a trust-building process (Bauer & Green, 1996; Uhl-Bien et al., 2000). Other researchers argued that trust and LMX are distinct constructs and attempted to differentiate between the two. Brower, Schoorman, and Tan (2000) argued that LMX may be an objective property of the relationship, whereas trust is a perceptual variable. Cunningham and MacGregor (2000) suggested that a supervisor who has different relationships with subordinates may nevertheless be trusted by all of them. Even though both perspectives seem to have merit, research examining whether subordinates are able to differentiate between the two constructs is clearly lacking. Indeed, in their attempt to develop a multidimensional LMX scale, Liden and Maslyn (1998) reported that expert raters employed to assess content validity of their LMX item pool were unable to distinguish between items intended to measure trust and those written to assess loyalty. Uhl-Bien and her colleagues (2000) argued that in lower LMXs trust would be calculus based, whereas in moderate LMXs it would be knowledge based and in higher LMXs it would be identification based. It is plausible that the distinctiveness of trust and LMX constructs would be more easily captured when instruments tapping the type of trust are used rather than overall measures of trust.

Interactional justice is another construct that has substantial overlap with LMX. Interactional justice refers to the perceived fairness of the communication that occurs during interpersonal interactions (Bies & Moag, 1986). Perceived interactional justice of leaders is an important prerequisite of LMX and researchers have often considered interactional justice as an antecedent of LMX (Cropanzano & Byrne, 2000; Masterson et al., 2000). However, it is important to directly examine whether subordinates perceive LMX and interactional justice differentially. Similar to the argument Cunningham and MacGregor (2000) made for the trust–LMX relationship, interactional justice may be more of a between-group variable and all subordinates reporting to a leader may be able to perceive high levels of interactional justice depending on the personal communication style of leaders. However, the same leaders may differentiate, leading to different LMX levels for subordinates. Even though conceptually it makes sense to distinguish between interactional justice and LMX, it is important to directly examine whether existing measures are able to discriminate between the two constructs, and if not, it is necessary to develop measures that will capture the unique aspects of each variable.

In summary, LMX, friendship, trust, and interactional justice are constructs with much overlap with each other. Even though there are theoretical differences between these constructs, it is important to examine whether organizational members are able to differentiate these constructs, and whether there are practical benefits to keeping them separate. Future research examining whether individuals differentially perceive LMX and interactional justice, and the conditions under which the overlap is more substantial, is needed.

FUTURE RESEARCH DIRECTIONS

Implications of LMX Differentiation

Since its inception, LMX theory tended to focus on the dyad. Researchers examined the effects of LMX quality on individual level outcomes, and overall results have demonstrated a relationship between LMX and many organizational attitudes and behaviors. As a result, researchers recently argued that the most positive outcomes for individuals, groups, and organizations will occur when leaders form high-quality exchanges with most or all members (Graen & Uhl-Bien, 1995; Uhl-Bien et al., 2000). However, little is known about the effects of LMX differentiation for work groups. It is still not clear whether groups with a large proportion of high LMX members are more satisfied, more cohesive, and more productive. Researchers called for studies examining the effects of LMX differentiation, or the level of variance of LMX in a work group (House & Aditya, 1997), but research in this area is lacking. Existing studies do not indicate complete support for the argument that a large number of high LMX members will benefit groups. In a field study examining the relationship between LMX differentiation and group performance, Liden, Erdogan, Wayne, and Sparrowe (2000) found that LMX differentiation was positively related to group performance when LMX mean was low, whereas LMX differentiation was not related to group performance when LMX mean was high. This study suggested that when there were at least a few members with high LMX, group performance was not different from groups in which a large proportion of members had high LMXs. Even though current research findings indicate a positive relationship between LMX and individual outcomes, it is still premature to conclude that the most positive group outcomes will occur when leaders form high LMXs with most or all members. More research exploring the effects of LMX differentiation on individuals and groups would make a valuable contribution to the field.

Researchers often refer to the positive relationships between LMX and individual outcomes when they argue that a large number of high LMXs would benefit groups (Graen & Uhl-Bien, 1995). However, these observed positive effects of LMXs are based on studies conducted at the individual level, in work groups characterized by differing levels of LMX differentiation. One future research direction that may shed some light on the effects of LMX differentiation is to examine whether the positive effects of LMX quality on individual attitudes and behaviors are partially contingent upon the level of LMX differentiation in the work group.

Researchers have not specifically considered LMX differentiation in work groups as a contextual variable influencing the relationship between individual LMXs and outcomes. In a work group with high LMX differentiation, high LMX employees have the advantage of being *closer* to the leader and therefore are more powerful compared to the rest of their coworkers. High LMX employees have the status of being "trusted assistants" of the leader, and therefore they may fare better compared to their coworkers in the distribution of resources such as pay, promotions, work assignments, and information. They will be more certain about their future in the work group and the organization. As a result, their satisfaction with, and perceived fairness of, resource distribution will be higher. In order to protect their special status in the group, they may work harder, leading to higher levels of performance and citizenship behaviors. In contrast, in a work group with little LMX differentiation, the high LMX members are only as powerful as other members who have high LMX, and they do not have more power or influence over their team members or leaders. In this situation, a weaker relationship is expected between LMX and resource distribution. In other words, in a work group in which all members have high LMXs with the leader, all members will receive support from the leader and will be satisfied with the relationship they have with the leader. However, their high-quality exchanges will not lead to a larger share in organizational resources. Leaders will not be able to spend as much time with each subordinate, provide mentoring and sponsoring to high LMX members if all members have high LMX. Therefore, controlling for the size of the group, high LMX members may benefit more from their high quality relations with the leader if there is a high LMX differentiation. It is important to examine whether the positive relationship between LMX and outcomes is contingent upon the existence of LMX differentiation. Using the terminology of earlier LMX researchers, current LMX literature shows that in-group/out-group status has a relationship with individual attitudes and behaviors. However, it is not clear whether these relationships will still hold if all employees are in the in-group. If LMX differentiation plays a moderating role in LMX–outcome relationship, then some of the positive effects of high LMXs may disappear when leaders form high LMXs with all members.

Proposition 1. Controlling for group size, LMX differentiation will moderate the relationship between LMX and individual outcomes such as satisfaction with resource distribution, performance, and citizenship behaviors such that the relationship between LMX and outcomes will be stronger in groups with high LMX differentiation.

In order to further explore the effects of LMX differentiation on member reactions, a second research direction is to examine whether subordinates pay attention to the LMXs of their peers in the work group, and how their leader is differentiating among members. If individual attitudes and behaviors are primarily a function of a person's own LMX quality, and if individuals do not compare their LMXs with others in the work group and do not pay attention to who has high LMX with the leader, then the highest group outcomes may occur when a large number of members have high LMXs with their leader. However, if individuals pay attention to how the leader is differentiating, and based on which criteria the leader is differentiating, then individuals may perceive certain types of differentiation in the work group as legitimate, and the highest levels of group outcomes may occur when the nature of LMX differentiation is acceptable to group members.

LMX has qualities similar to a resource. LMX is related to tangible organizational outcomes such as advancement in the organization (Graen, Wakabayashi, Graen, & Graen, 1990; Wakabayashi & Graen, 1984; Wakabayashi, Graen, Graen, & Graen, 1988), career satisfaction, and salary progress (Wayne et al., 1999). A high LMX also entails work-related resources such as information and task support, making it a valuable resource for employees. In addition to being a resource, the LMX distribution in groups is visible to peers (Duchon, Green, & Taber, 1986; Graen & Cashman, 1975), as opposed to other resources such as pay and performance ratings, which are often confidential. Erdogan (2001) argued that because LMX is a valuable resource and because individuals often know who has high and low LMXs, subordinates may have their own opinions regarding how LMX should be distributed. Given the potential consequences of high LMXs, it is unlikely that subordinates will favor an equal distribution of LMX in the work group. Distributive justice researchers demonstrated that fairness of a resource distribution is an important predictor of satisfaction with outcomes (Folger & Konovsky, 1989; Konovsky, Folger, & Cropanzano, 1987). Drawing from distributive justice theory, Erdogan contended that perceived fairness of LMX differentiation in a work group may influence employee attitudes and behaviors, in addition to their own LMX quality.

Several researchers argued that work group differentiation should not be based on factors other than performance (Scandura, 1999; Scandura & Lankau, 1996; Steiner, 1997). This argument is consistent with the equity norm of distributive justice. According to the equity norm, individuals view an outcome distribution as fair when they perceive that outcomes are distributed in a way that is proportional to inputs (Adams, 1965; Homans, 1974). Supporting the notion that individuals may prefer an equitable LMX differentiation, Sias and Jablin (1995) found that individuals respond positively to leaders' differential treatment of subordinates depending on whether differential treatment was perceived as warranted based on member contributions. Drawing on these findings, Erdogan (2001) argued that LMX differentiation would be perceived as fair when individuals perceive that their leader differentiates among group members based on their contributions to the group. She identified two types of unfairness: The perception that low contributing members have high LMX (perception of exploiters) and the perception that high contributing members have low LMX (perception of victims). Using a sample of 236 college students with work experience, she developed a measure of LMX differentiation fairness, and found that controlling for a person's own LMX level, LMX differentiation unfairness was negatively related to procedural justice and interactional justice perceptions.

Fairness of LMX differentiation may positively influence individual attitudes and behaviors due to a number of reasons (Erdogan, 2001). First of all, when subordinates perceive their leaders as differentiating fairly, they may believe that the distribution of outcomes such as pay and promotions will be fair, because those who are the trusted assistants to the leader are individuals with the highest contribution. Second, individuals will perceive that they can control their own LMXs by contributing more. Even subordinates with low LMXs may be satisfied with the LMX differentiation, because they may perceive that by increasing their contribution to the group, they can increase their LMX level. Third, when individuals perceive that high contributions are being rewarded with high LMX, they are more likely to repeat the rewarded behaviors, and contribute more to the group. Finally, individuals who perceive the leader as differentiating based on non-work-related factors may find the leader more discriminatory and as playing favorites, leading to lower levels of satisfaction with the leader. Based on this reasoning, she proposed the following.

Proposition 2a. Perceived fairness of LMX differentiation will be positively related to individual attitudes and behaviors, controlling for the individual's LMX quality.

Measuring perceived fairness of LMX differentiation is an important step toward aggregating the effects of dyadic LMXs to group level. Erdogan (2001) contended that LMX differentiation may be positively or negatively related to group outcomes such as performance and cohesiveness to the extent that individuals perceive high levels of differentiation fairness. LMX differentiation will be positively related to group outcomes only when individuals perceive the leader as making a fair differentiation, whereas it will be negatively related to measures of group performance and attitudes when individuals perceive the leader as making an unfair differentiation. Thus, perceived fairness of LMX differentiation may be examined as a group level moderator, provided that there is sufficient agreement among group members regarding the extent of LMX differentiation fairness.

Proposition 2b. Perceived fairness of LMX differentiation will moderate the relationship between LMX differentiation and group outcomes such that LMX differentiation will be positively related to group outcomes when leaders' differentiation is perceived as fair, whereas the relationship will be negative when leaders' differentiation is perceived as unfair.

In summary, examining the effects of LMX differentiation on individual- and group-level outcomes represents an important step in the development of LMX theory. Examining the moderating effects of LMX differentiation on LMX–outcome relationship would answer the question of whether the positive effects of LMX depend to some extent on the existence of LMX differentiation. In addition, measuring member perceptions regarding the fairness of LMX differentiation would be an important step toward understanding the effects of LMX at the group level. Perceived fairness of LMX differentiation may have direct effects on individual attitudes and behaviors, and may act as a contingency variable influencing whether LMX differentiation is beneficial or detrimental to group-level outcomes. If supported, these propositions would increase our understanding of the processes linking LMX differentiation to individual and group outcomes.

Adopting a Contingency Approach to LMX Theory

Several researchers recognized the lack of studies adopting a contingency approach to LMX theory (Curie, 1997; House & Aditya, 1997; Schriesheim et al, 2000). As discussed in our review of recent research, a number of studies found the existence of variables moderating the relationship between LMX and resulting outcomes. For example, at low levels of the organization (Fernandez & Vecchio, 1997), and when span of control was low (Schriesheim et al., 2000), LMX was not related to some of the outcomes. In addition, Tierney and colleagues (1999) found that for employees with low innovative cognitive style, LMX was related to employee innovativeness, whereas there was no relationship for employees with high innovative cognitive style. Organizing these findings based on their reasoning for the moderating effect may help direct future research efforts. We contend that "substitutes for leadership" theory (Kerr & Jermier, 1978) provides a useful framework that may guide the contingency approach to LMX theory.

Kerr and Jermier (1978) argued that certain characteristics of tasks, subordinates, or the work environment may act as substitutes or neutralizers of leader behaviors. *Substitutes* are factors that render leader behaviors unnecessary, whereas *neutralizers* are contextual factors that render leader behaviors ineffective. Howell, Dorfman, and Kerr (1986) extended the substitutes for leadership approach by proposing that some factors would act as *enhancers,* or strengthen the relationship between leader behavior and outcomes. Past research findings did not find strong support for this theory using several different leader behaviors (Podsakoff, Niehoff, MacKenzie, & Williams, 1993), but so far researchers have not used this framework to develop propositions related to LMX. Recent findings suggesting that LMX is not significantly related to outcomes when span of control is low, at low levels in the organization, and for employees low in innovative cognitive style suggest that these contextual factors act as substitutes of LMX for the dependent variables in question. In other words, the informational and emotional resources provided to high LMX members may be unnecessary, depending on the personality of the employee, hierarchical level of the employee, or span of control of the manager. It is possible to use substitutes for leadership framework to identify other moderators of LMX–outcome relationship.

A multitude of contextual factors may substitute for a high LMX relationship. If certain conditions provide members with the emotional and professional support and developmental opportunities high LMX relationships may provide, then these conditions will act as substitutes of LMX. For example, organizational work arrangements may act as substitutes of LMX with respect to attitudes and behaviors. In traditional work groups, leaders have more power and authority on the distribution of outcomes, on making decisions influencing advancement opportunities, and providing the resources individuals need to perform well. Therefore, there will be a positive relationship between LMX, individual attitudes, and behaviors in traditional work groups. However, when work is structured around self-managing teams, leaders are not usually involved in managing day-to-day actions of employees and they act as coordinators and facilitators of the team's work (Manz & Sims, 1987). Individuals may have less frequent interactions with the leader and their attitudes and behaviors will be more strongly tied to their relationships with other team members. Team member exchange (TMX) refers to the relationship quality between the individual and team members (Seers, 1989). In a team setting, high-quality TMX may substitute for high LMX by providing the work-related and social support individuals need.

Proposition 3a. In a team setting, the exchange quality between an individual and other team members will act as a substitute for the effects of LMX with respect to work attitudes and behaviors.

There are also contextual factors that may act as neutralizers of the LMX–outcome relationship. When a neutralizer exists, leadership will not be related to outcomes, or will be more weakly related (Howell et al., 1986; Kerr & Jermier, 1978), but the moderating variable will not deem LMX unnecessary (Kerr & Jermier, 1978). Instead, due to the existence of the neutralizing variable, the positive effects of high LMX will not be realized. An example of neutralizers would be the employment status of the employee. Contingent employees or part-time employees hold temporary positions in the organization. If these individuals do not desire to hold permanent positions, they may be immune to the positive effects of LMX on organizational attitudes and behaviors. Research shows that LMX is usually accompanied by job satisfaction, organizational commitment, and higher levels of performance and citizenship behaviors (Liden et al., 1997). However, high LMX may be weakly related to organizational attitudes and behaviors for temporary employees who are satisfied with their employment status, because these individuals may not value the resources, attention, and support that are provided to high LMX members.

Proposition 3b. Being a temporary employee with a preference for temporary employment will act as a neutralizer of the relationship between LMX with respect to organizational attitudes and behaviors.

In addition to being substitutes or neutralizers, some contextual factors may deem LMX more valuable for individuals, and thereby act as enhancers. For example, in an organization that is highly political, knowing the correct people and having the right connections will be important for individual success in the organization. Thus, organizational attitudes of members in these organizations may be more strongly affected by their LMX quality. Organizational outcomes such as pay and promotions will also be more strongly related to LMX quality. In organizations that do not have a strongly political climate, LMX will still have a positive relationship with organizational attitudes and organizational outcomes because of the task-related support provided to these members, but the difference between high and low LMX members will be much smaller. Therefore, the existence of a political climate may be an enhancer of the LMX–organizational attitude and the LMX–organizational outcome relationships. Similarly, some organizations may have a procedural justice climate (Naumann & Bennett, 2000) in which organizational decisions are perceived to be made in a consistent, unbiased, and neutral manner. When procedural justice climate is low, leaders may favor high LMX members when making decisions, and high LMX members may benefit from their strong relationships with their leaders, even when their performance levels and contributions to the organization do not warrant favorable treatment. Thus, LMX may be more strongly related to organizational attitudes and organizational outcomes when procedural justice climate is low. When procedural justice climate is high, the relationship between LMX and resulting attitudes and outcomes will still be positive because of the existence of harmonious and effective relationships between leaders and members and the task-related support provided to high LMX members, but the relationship would be weaker because of the lack of favoritism.

Proposition 3c. The existence of a political climate and the lack of a procedural justice climate will act as enhancers of the relationship between LMX, organizational attitudes, and organizational outcomes.

In summary, LMX research could benefit from adopting a contingency approach. Using Kerr and Jermier's (1978) substitutes for leadership framework and its extensions by Howell and his colleagues (1986), contextual variables that are substitutes, enhancers, and neutralizers of LMX–outcome relationship may be identified and studied. A more systematic approach to identification of relevant contextual variables may increase interest in a contingency approach to LMX.

Integration of LMX with the Socialization and Recruitment Literatures

Longitudinal research on LMX development has consistently demonstrated that LMX relationships develop quickly and remain quite stable over time. Dansereau and colleagues' (1975) longitudinal study demonstrated that the nature of the exchanges was determined in just the first 2 months of newly formed leader–member relationships. Similarly, Bauer and Green (1996) found LMX to have been formed early based on a correlation of .54 ($p < .01$) between LMX at 12 and 34 weeks following members' entry into their new organizations. Liden and colleagues (1993) collected data in the first 5 days of new leader–member dyads and found that even after only a few days, LMX quality had already been largely determined, as evidenced by a significant correlation (.45, $p < .05$) between relationship expectations during the first few days of working together and LMX 6 months later. These results suggest that leader–member relationships may begin forming *prior* to the formal beginning of the relationship. Examination of this possibility requires investigations that integrate recruitment/selection with early job experiences (Rynes, 1991). Given that the vast majority of managerial recruits interact with future supervisors in on-site interviews (Bureau of National Affairs, 1988), it is likely that LMX relationships begin to form during the anticipatory or pre-entry stages of the socialization process (Parsons, Cable, & Liden, 1999).

The possibility that LMX relationships form, or at least begin to develop, during the pre-entry period suggests many avenues for future research. Research during the anticipatory socialization phase requires that investigators begin to pay more attention to on-site interviews, which have been largely neglected (Parsons, Liden, & Bauer, 2001). Indeed, the overwhelming majority of studies on employment interviews have been conducted on simulated interviews or on-campus interviews. But it is during on-site interviews that the early development of relationships, especially those between leader and member, may begin to form. We recommend that data be gathered during pre-entry on both leader and member expectations of the relationship. Also, given the significant role that member-proactive behaviors, such as feedback seeking and impression management, have been shown to have on leader reactions and member outcomes during the first several months on the job (Ashford & Black, 1996; Morrison, 1993), it follows that proactive behaviors may also be salient during the pre-entry recruitment period. Thus, we encourage research on member proactive behaviors during pre-entry, especially as they influence subsequent exchange relationships with leaders.

Proposition 4. Leader and member pre-entry expectations of the future relationship with one's dyadic partner will be positively related to LMX after entry.

Proposition 5. Member pre-entry feedback seeking and impression management directed toward the future leader will be positively related to LMX after entry.

LMX as Embedded within a Larger System of Relationships

In the formative years of LMX research, Graen and his colleagues found empirical support for the proposition that each leader–member dyad is influenced by the chain of LMX relationships extending from the focal relationship (Cashman, Dansereau, Graen, & Haga, 1976; Graen, Cashman, Ginsburgh, & Schiemann, 1977). That is, the relationship that a focal individual's supervisor has with his or her boss influences the focal individual's situation. The logic of this finding is that a leader can only provide resources and support to a subordinate to the extent that he or she is the recipient of such support. In essence, Graen and colleagues found support for Likert's thesis on the criticality of "linking-pin" positions, which Graen and colleagues defined as a leader within a vertical chain of member–leader–boss. More recently a number of researchers have suggested that this degree of embeddedness be extended to include entire networks that surround both a member and his or her leader (Graen & Uhl-Bien, 1995; Liden et al., 1997; Sparrowe & Liden, 1997). An attractive characteristic of social network analysis is that it integrates micro (e.g., interpersonal relationships) with macro (structure of relationships) aspects of organizational study. In this way, social network analysis is very well suited for integrating the context into theory and research on LMX.

Despite the calls for research on the integration of social network research and LMX, few empirical studies have been reported in the literature. One exception is a 1999 study by Sparrowe and Liden that tested a number of the propositions from their 1997 theoretical piece, including the central thesis focusing on incorporation or sponsorship of members by leaders. Incorporation was operationalized as the total number of network ties that were shared by a leader and member divided by the total number of ties in the leader's network. In a longitudinal study involving 74 employees representing two sites of a major telecommunications organization, results indicated that LMX quality was positively related to the degree to which members were incorporated into their leader's network of social relationships. Perhaps the most noteworthy result from this study was that the degree of members' control over decisions and resources received through incorporation depended on the leaders' network structure. When members' leaders were central in advice and trust networks, incorporation benefited members in terms of control over decisions and resources. However, when members' leaders were central in avoidance networks (i.e., identified by others in the organization as someone they actively attempt to avoid), incorporation hurt members in terms of reduced control over decisions and resources. Sparrowe and Liden (1999) thus concluded that incorporation can be a blessing or a curse.

Testing the Cross-Cultural Applicability of LMX Theory

One of the limitations of the existing LMX literature is that most LMX studies have been conducted in North American settings, and the impact of national culture on the findings of LMX theory has not been systematically examined. Therefore, it is not clear whether content of LMX, or the antecedents and consequences of LMX that have been identified in the United States are universal. Only a handful of recent studies discussed implications of national culture for LMX. In one of these studies, Pelled and Xin (2000) surveyed employees working in two branches of the same company, one of them located in the United States and the other in Mexico. They expected that gender similarity would be more strongly related to LMX due to the machismo ethic in Mexico. However, their findings revealed the opposite effect, and gender similarity–LMX relationship was weaker in Mexico. This study did not measure the cultural variables that may be causing the differential findings between the U.S. and Mexico. In a study of five different countries, Pillai and colleagues (1999) examined business professionals from the U.S., Australia, Jordan, India, Columbia, and Saudi Arabia. They found that in all countries except India, LMX was related to procedural justice, or the perceived extent to which organizational decision-making procedures were fair. In India, transformational leadership emerged as a stronger predictor of procedural justice. In all the countries studied, LMX was positively related to job satisfaction. Again, this study did not directly measure the dimensions of culture, which may explain differences among countries, nor examine culture as a moderator of relationships. In a study conducted in China, Law and colleagues (2000) differentiated LMX from Chinese *guanxi* concept, which refers to nonwork relations between subordinates and supervisors, and found that LMX was related to performance ratings, whereas *guanxi* was related to bonus allocations. Finally in a study conducted in Hong Kong, Hui and colleagues (1999) found a relationship between LMX, performance and OCB, replicating these relationships outside the U.S. As the lack of studies systematically examining the effects of national culture on LMX theory demonstrates, there are many potential avenues of research in this area.

We contend that national culture may have systematic effects on the relationship between LMX, antecedents, and consequences. Individualism-collectivism and power distance are two of the dimensions of national culture that are especially relevant to leader–subordinate relationships. Collectivism refers to a very close relationship between the individual and the society such that individual identity is strongly shaped by the group memberships (Hofstede, 1980). Power distance reflects the extent to which the society accepts the fact that power is distributed in organizations and institutions unequally (Hofstede, 1980). Both of these cultural traits may influence the type of leader and member characteristics and behaviors associated with a high LMX relationship, and the range of behaviors following high-quality exchanges.

One of the important characteristics of collectivist cultures is the importance of group harmony and solidarity in these cultures. Collectivists discourage behaviors threatening group solidarity. Bond and Smith (1996) conducted a meta-analysis of studies examining conformity to the group, and found that in collectivist countries, individuals demonstrated higher levels of conformity to the group. As opposed to individualist cultures in which individuals are expected to look after themselves and their immediate families, in collectivist cultures membership in groups is more important, and individuals are expected to make personal sacrifices and put the group's well-being before their own (Triandis, Brislin, & Hui, 1988). Considering that most of what is known about LMX theory is based on studies conducted in individualist cultures, it is important to examine whether LMX development is a function of the same factors for collectivist individuals. LMX literature suggests that in individualist cultures, LMX develops as a function of similarity and attraction between the leader and member. For example, demographic similarity (Green et al., 1996), positive affectivity similarity (Bauer & Green, 1996), perceived similarity (Liden et al., 1993), and interpersonal liking (Wayne et al., 1997) emerged as predictors of LMX. Similarity and attraction between the leader and member seems to be an important determinant of LMX in individualistic cultures. When the leaders are high in collectivism, the ability of the newcomer to contribute to the group and fit in the group may be more important determinants of LMX. For example, leaders may form higher quality exchanges with members who perform OCBs targeting other team members, and members with the greatest potential to contribute to the group, rather than individuals who have high levels of task performance. Personality characteristics related to getting along with others, such as agreeableness, may be factors related to LMX. In other words, leader perceptions of a newcomers' fit with the work group will be a more important predictor of LMX development for collectivist leaders, compared to perceptions of person–leader fit.

Proposition 6a. Leader perceptions of person–group fit will be more strongly related to LMX for leaders high in collectivism, whereas person–leader fit will be more strongly related to LMX for leaders high in individualism.

Consequences of high LMXs may differ, depending on the collectivism level of individuals. For example, research shows that contributions and performance of individualists is more dependent on situational factors. Wagner (1995) found that individualists were more likely to cooperate and less likely to engage in social loafing when group size was small and when their contributions were identifiable. Collectivists in this study cooperated at higher levels compared to individualists and they were not strongly affected by the existence of situational controls. Existing LMX literature suggests that individuals who have high LMXs are more likely to perform well, and perform in ways that will benefit the leader and the group. We contend that for collectivist individuals, performance and OCBs benefiting coworkers may be more weakly related to LMX quality, and even individuals with low LMX may demonstrate high levels of performance and OCBs. In addition, low LMX relationships may not be associated with negative behaviors such as organizational retaliation for collectivists, because these behaviors would be culturally unacceptable even for low LMX members.

Proposition 6b. The positive relationship between LMX and behaviors benefiting the leader and group, as well as the negative relationship between LMX and behaviors detrimental to the group, will be weaker for subordinates high in collectivism.

Subordinates high in power distance expect a certain level of authoritarianism on the part of their leaders, and they may become uncomfortable when leaders delegate and consult with their subordinates. Kirkman and Shapiro (1997) argued that in highly power-distant cultures, individuals would resist self-management. Studies conducted in the United States demonstrate that egalitarian leader behaviors such as delegation (Bauer & Green, 1996) and interactional justice (Masterson et al., 2000) are positively related to LMX. In power-distant cultures, LMX development may be more weakly related to leader behaviors encouraging participation and giving employees voice. In contrast, behaviors confirming the power and superiority of the leader, such as submissive behaviors on the part of the member, may contribute to relationship development. For example, impression-management behaviors targeting the leader and recognizing leaders' authority and professional status may contribute to LMX development. Behaviors weakening leaders' authority such as assertive behaviors on the part of subordinates may have a negative relationship with LMX. Personality and demographic characteristics of subordinates that preserve the more powerful status of leaders will also have a positive effect on LMX. For example, supervisors older or having longer tenure compared to their subordinates may find it easier to form high LMXs, rather than supervisors who are younger and having shorter tenure.

Proposition 6c. For leaders and subordinates high in power distance, behaviors and characteristics preserving leaders' power and authority and maintaining the less powerful status of the subordinate will have a positive effect on LMX.

In power-distant cultures, supervisors and subordinates differ in the amount of power and authority they have. Because these cultures are less egalitarian, powerful individuals will have a larger share of resources, and control more important outcomes in organizations. In other words, supervisors in a power-distant culture will have much more say in organizational decisions compared to supervisors in a low power-distance culture. As a result, being in a high LMX relationship in a power-distant culture may provide more benefits to subordinates, compared to benefits accruing to high LMX members in low power-distant cultures. Being the trusted assistant of very powerful leaders may allow subordinates a disproportionate share in organizational rewards.

Proposition 6d. The relationship between LMX and organizational outcomes will be stronger when employees are high in power distance.

When testing the moderating effects of cultural dimensions on the relationship between LMX and other variables, it is important to directly measure the cultural variable of interest. Relying on the national culture studies ranking countries in collectivism and power distance and assuming that a certain country has high or low levels of collectivism and power distance would not be appropriate because of the within-culture heterogeneity of many countries. In addition, countries differ in many different characteristics, including but not limited to culture, economic conditions, political climate, and legal environments. Each of these factors may explain the observed relationships, and therefore it is important to directly measure the variable of interest.

In summary, we identified a number of areas that seem to be promising avenues for future research. First of all, it is important to examine the effects of LMX differentiation on group-level outcomes. We argued that findings of past LMX studies indicating a positive relationship between LMX, individual attitudes, and behaviors are not sufficient evidence for concluding that a high number of LMXs, or low LMX differentiation, will benefit groups and organizations. Future research needs to examine whether some of the positive effects of high LMXs are attributable to the existence of LMX differentiation, and whether perceived fairness of LMX differentiation is related to individual attitudes and behaviors. Examining LMX within a contingency theory perspective, integrating LMX literature with recruitment and socialization literatures, examining LMX within the context of a larger system of relationships, and studying the effects of systematic cross-cultural differences on LMX theory and research are other future research directions identified in this section.

CONCLUSION

Research interest in LMX continues to grow, as evidenced by the large number of articles published in the past several years. Although several "new" antecedents and consequences of LMX have been identified recently and incremental progress has been made in the study of LMX, there is clearly room for improvement. Much still needs to be learned regarding the process by which LMX relationships form. In addition to the typical call for longitudinal designs, more work examining the intricacies inherent in relationship development is needed, such as the role of language in the exchange process (Fairhurst, 2000) and member perceptions of the fairness of the leader's differentiation between subordinates. Along with the need for more micro-level research on relationship development and maintenance, much more attention needs to be paid to the macro side of LMX. Specifically, more attention needs to be paid to the organizational relationships in which LMXs are embedded, as well as consideration of other contextual variables such as organizational and national culture. Finally, as with many areas of organizational behavior, much greater sensitivity to levels-of-analysis issues is needed, as well as exploration of levels not previously considered. In particular, the effects of leaders' differentiation between subordinates, the key defining characteristic of LMX versus other leadership theories, on group-level variables such as group performance is in need of investigation.

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CHAPTER 4

PATH–GOAL THEORY OF LEADERSHIP

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ABSTRACT

One of the more influential theories of leadership is the Path–Goal Theory of Leadership. This chapter provides an elaborated version of the theory. An assessment of the level of support for the theory in the research literature is the presented. Finally, implications are drawn for researchers and managers.

According to Mintzberg (1973), leadership is but one of the 10 roles of management. Much of the disappointment in the paucity of results from 50 years of leadership research may result from our focus on this single leadership role when managerial, group, and organizational performance depends upon the effective performance of the role of leaders together with the effective performances of the other nine roles. Elsewhere (Evans, 1982), I have treated extensively the performance of the roles as an integrated set. Here the brief is much more modest: to explore the path–goal theory of leadership (Evans, 1970, 1979; House, 1971; House & Mitchell, 1974).

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This chapter explores the history of the development of the theory; provides a set of detailed hypotheses derived from the theory, assesses the current status of research on the theory, and calls for a more broadly based program of research to assess the validity of the theory.

The path–goal theory of leadership had its genesis, as did one other influential theory of leadership (Katz, Maccoby, & Morse, 1950), in the work of the Institute for Social Research at the University of Michigan. In 1957, Georgopoulos, Mahoney, and Jones published their seminal test of the expectancy theory of motivation. By 1964, with the publication of Vroom's *Work and Motivation*, the theory had been broadened to encompass a whole series of individual choices (of a job, of an organization, of how hard to work) in organizational settings. During this period, Kahn (1958) argued that the effects of leaders on subordinates' performance and satisfaction might be mediated through effects upon the subordinate's motivation. Evans (1970) presented a theoretical exposition of the ways in which this mediation might take place and provided for a test of the theory (as well as of the underlying expectancy theory of motivation).

In 1971, House extended the theory by examining the contingencies under which leader behavior might affect each of the elements of motivation; and this position was elaborated and extended by House and Mitchell (1974) and Evans (1979) (see also Indvick, 1986). Recently, an issue of *Leadership Quarterly* evaluated the theory (Evans, 1996; Hunt, 1996; Jermier, 1996; Schriesheim & Neider, 1996) and provided a further elaboration (House, 1996).

THE PATH–GOAL THEORY OF LEADERSHIP

There are two major hypotheses in the path–goal theory of leadership. The first concerns the acceptability of the leader's behavior to the subordinates. The second concerns the motivational function of the leader (House & Mitchell, 1974).

Acceptability

Leader behavior will be acceptable to subordinates to the extent that the behavior provides an immediate source of satisfaction or is instrumental to the future satisfaction of the subordinate. This means that which leader behaviors are satisfying are very much a function of the characteristics of the subordinate as well as a function of the situation. A discussion of the specific leader behaviors and these contingencies will be deferred until the more complex and, to us, more interesting, motivation hypotheses have been discussed.

Motivation

In their role as leaders, managers are involved with staffing, training, and motivating the members of their work units. House and Mitchell (1974, p. 84) put it best:

> The motivational function of the leader consists of increasing the number and kinds of personal payoffs to subordinates for work-goal attainment, and making paths to these payoffs easier to travel by clarifying the paths, reducing roadblocks and pitfalls and increasing the opportunities for satisfaction en route.

To understand these processes, it is necessary to begin with a model of employee motivation (motivation and ability jointly affect performance) and explore how the leader may, or may not, have an impact on motivation. Expectancy theory, despite many problems in operationalization and testing, is a useful analytic framework.

Expectancy theory (Wahba & House, 1974) states that an individual's motivation to engage in a particular activity depends upon the intrinsic valence of the activity (the fun of the activity, IV_B), the perceived probability that effort at the activity results in performance (effort –> performance expectancy, E_1), the intrinsic valence of successful performance or accomplishment (the fun of success, IV_A), the perceived probabilities that successful performance results in a set of extrinsic outcomes (performance –> reward expectancies, E_{2i}), and the valencies of these extrinsic rewards (attractiveness of rewards, EV_i).

According to Wahba and House (1974) these components are combined in the following way[2]:

$$M = IV_B + E_1 * [IV_A + (E_{2i} * EV_i)]$$

The role of the leader in his/her staffing and motivating activities is to diagnose the situation to see which aspects of the motivational model are absent and, if possible, to supplement the situation so that the necessary components of the motivational force are in place. Clearly, other aspects of the situation can (a) make aspects of the behavior of the leader unnecessary or even resented, and (b) can neutralize the ability of the leader to affect motivation (cf. Kerr & Jermier, 1978). We should also notice that in this model of motivation, the leverage of any component on overall motivation is higher as one moves to the left-hand side of the equation: the most potent force on motivation is the fun of the activity; next most important is the belief that effort will lead to performance. We will now examine each of the components of the motivational model and explore which leader behaviors will affect them. What we are doing is the inductive development of a set of relevant leader behaviors from the motivational model, rather than starting (as House does in his 1996 revision) with the currently available list of leader behaviors (e.g., consideration, initiation of structure, performance emphasis, achievement oriented leadership, etc.). I believe that only in this way can the relevant leader behaviors be identified. The hypotheses generated in this elaboration of the theory are consistent with the suggestions of Podsakoff, Schuler, and Todor (1982) and those of House (1996). These hypotheses are summarized in Table 4.1, which lists each possible leader behavior that we have induced from the possible impact on each of the variables in the motivational model.

Table 4.1. Predictions from Path Goal Theory

Leader	IV_B	E_I	IV_A	E_2	EV_i
Provide a variety of rewards					+
Diagnose differences in desired rewards					+
Upward influence				+	+
Charismatic: Articulates goal	+		+	+	+
Charismatic: Competent	+		+	+	+
Charismatic: Supportive	+		+	+	+
Charismatic: Trustworthy	+		+		+
Accurate feedback				+	
Timely, clear, and specific feedback				+	
Discriminate between good and poor performers				+	
Courage to communicate performance results				+	
Accurate attributions about the causes of subordinates' behavior				+	
Having subordinates participate in developing measures of performance				+	
Have subordinates participate in goal setting				+	
Communicate contingencies				+	
Contingent reward				+	
Contingent punishment				+	
Recommend to higher management contingent reward and punishment				+	

Table 4.1. Predictions from Path Goal Theory (Cont.)

Leader	IV_B	E_I	IV_A	E_2	EV_i
Stimulate contingent reward by work group and by outsiders				+	
Visible performance			+		
Group rewards			+		
Do not take sole credit			+		
Make sure subordinates have contact with internal and external clients			+		
Articulate the value of the organization's activities			+		
Set difficult goals, participatively			+		
Set difficult goals, directively			+		
Show confidence in employees		+			
Coaching and training		+			
Clarify paths to successful performance, participatively		+			
Clarify paths to successful performance, directively		+			
Plan and organize work		+			
Supportive climate	+	+		+	
Selection and placement	+	+			
Exemplify value of "good work"	+				

Anticipated satisfaction (valence) of extrinsic rewards.

The list of extrinsic rewards is long and arbitrary; the major factor affecting whether or not any reward is attractive or not is the individual's idiosyncratic needs and values (cf. Nealey & Goodale, 1967). It is moot whether the organization and its management can, or should, have any influence over these values (Evans, 1998). There are two primary sources for these rewards: (a) the organization: pay, promotion, status symbols, favorable working conditions (job context), interesting work assignments (job content);[3] (b) other people: these include recognition for work well done, esteem, and friendship; sources include the supervisor, members of the subordinate's work group, the subordinate's own subordinates, other members of the organization (at subordinate, peer, and managerial levels), and clients and customers of the organization.

There are two ways in which the leader can affect whether or not the individual subordinate is offered valued rewards. The first is to change the number and kinds of rewards offered. Evans (1970) pointed out that leaders differ in the extent to which they offer rewards. Some deal merely in terms of pay and promotion; others provide wider horizons and informally provide better working conditions and better work; others may offer recognition themselves, encourage work group members to provide recognition to individuals, and arrange for recognition from outside the organization or from higher managers to reach the individual subordinate (cf. Peters & Waterman, 1982). Note here that we are talking about the abundance and variety of rewards made available, not whether or not they are contingent on performance (that is the subject of the following section).

H:1. Supervisors who offer a wider range of rewards will have subordinates with higher motivation.

There are no scales in the current literature that tap this dimension of leader behavior. Consideration is only a weak surrogate. It is also important for the leader to individualize rewards: different strokes for different folks. Nealey (1964) clearly demonstrated that different individuals prefer different benefit packages. Undoubtedly the same is true for choices among the broader spectrum of rewards due to differences in different people's needs and values.

H:2. The leader who can diagnose differences in subordinate needs and tailor the rewards accordingly will, all else being equal, have more motivated subordinates.

There is considerable controversy about the way in which to measure this type of empathy. It is extraordinarily difficult to control for social desirability biases (cf., Hatch, 1969). No current measures of leader behavior do this; most authors (e.g., House, 1971) implicitly assume that consideration has this capacity. Some of the items in the Individualized Consideration scale, in Bass and Avolio's (2000) Multifactor Leadership Questionnaire, has some relevant items that tap this concept.

Finally, Pelz (1952) has shown that upward influence for the supervisor in the organization is an important moderator of the effects of leader consideration on subordinate satisfaction. This implies that those with high upward influence have a better chance of persuading the organization to provide desired rewards. Supervisors with high upward influence will have a more abundant supply of valued rewards to offer. In addition, the work of Graen and his associates (e.g., Graen, Cashman, Ginsburg, & Schiemann, 1979) has shown that rewards are more munificent for those with whom the leader has a good relationship. These effects cascade down the organization so that the relationship that a person's boss has with the boss's own superior affects the munificence of the rewards that the boss has available for distribution.

H:3. The leader who has high upward influence in the organization or who has a good relationship with his/her boss will have a more abundant set of rewards to offer subordinates and will therefore have more motivated subordinates.

The upward influence subscale of the LBDQ-XII (Stogdill, 1963) or Graen's ROI scale (Graen et al., 1979) provide useful measures of these concepts.

The second process involves the impact that a charismatic (House, 1977) or transforming (Bass, 1985; Burns, 1978; Yammarino & Bass, 1990) leader has on subordinates so as to affect their desired outcomes. House (1977) suggests that the charismatic leader can arouse new potential desired rewards in the subordinate. This occurs through the identification of the subordinate with the leader as a role model who articulates and exemplifies this new goal. This identification depends upon the leader being seen as supportive, competent, and trustworthy. This process as well as affecting the value of extrinsic rewards may also result in changes in the value of accomplishment (IV_A) or of the activity itself (IV_B).

H:4. The leader who (a) articulates a new goal; (b) is supportive; (c) is competent; and (d) is trustworthy is likely to change the desirability of the extrinsic and intrinsic rewards. Depending upon the goal articulated, leaders may increase or decrease the value of any reward. When the desirability of rewards are increased, the subordinates will be more motivated.

New scales for goal articulation (focusing on their content), the perceived competence of the leader, and perceived trust for the leader need to be developed. Following Atkinson and Feather (1966), persistence in goal seeking is probably also implicated here.

The probability that performance is related to reward.

Early versions of the theory (Evans, 1970; House, 1971) suggested that high contingent reward might be enhanced when the leader exhibited both high initiation of structure and high consideration: the former creates the performance reward contingency, the latter the existence of many rewards. We have just examined the limitations of the latter statement; the former is also incomplete. The clarity and accuracy of a subordinate's perceptions of performance –> reward expectancies are a function of five conditions being met. Subordinates must receive accurate and timely feedback about their performance (Taylor, Fisher, & Ilgen, 1984). Subordinates and their peers must agree with the performance evaluations made by the supervisors. The supervisor must consistently reward high performance and refrain from rewarding (or, in some conditions, punish [Arvey & Ivancevich, 1980]) low performance. The organization's reward and penalty system must consistently reward high performance. Rewards from group members, higher management, clients, and customers must also be contingent upon high performance. This leads us to the following hypotheses:

H:5. Subordinates will have stronger performance -> reward expectancies if the supervisor provides accurate feedback; this will result in more motivated subordinates.

H:6. More accurate feedback is provided by supervisors who provide timely, clear, specific, and operational information.

Some of the existing scales on feedback (e.g., Herold & Parsons, 1985) provide some of this information.

H:7. More accurate feedback is provided by supervisors who can (a) discriminate between good and poor performance, and (b) have the courage to make these discriminations known to subordinates.

The contingent reward scales (e.g., Podsakoff, Todor, Grover, & Huber, 1984) have some items identifying the first characteristic; scales need developing for the second. Komaki (1988) implies that supervisors who engage in more face-to-face monitoring of their subordinates' behavior are more likely to have accurate information about the subordinate's level of performance.

H:8. More accurate feedback is provided by supervisors who can make accurate attributions about the causes of the subordinates' performance (i.e., to luck, effort, ability, task difficulty, environmental support, or hindrance).[4]

There are no scales available to assess the accuracy of such attributions.

The literature on procedural justice (e.g., Greenberg, 1987b) suggests that subordinates who have had involvement in the development of goal setting, appraisal, and disciplinary procedures are more likely to respond positively to such procedures. Accordingly:

H:9. Subordinates are more likely to accept feedback from supervisors if they have participated in the establishment of standards and the design of measurement procedures.

Participative management scales (e.g., Schuler, 1975) and the scales designed to develop perceptions of procedural and interpersonal justice (e.g., Greenberg, 1987a) tap this construct.

H:10. Subordinates will have stronger performance –> reward expectancies if supervisors communicate these contingencies.

H:11. Subordinates will have stronger performance –> reward expectancies if supervisors make reward and punishment contingent on performance.

The contingent reward and punishment scales (Podsakoff et al., 1984) tap these concepts. Noncontingent rewards and punishments result in the development of weak performance reward linkages.

H:12. Subordinates will have stronger performance –> reward expectancies if supervisors make consistent recommendations for organizational rewards to be based on performance.

Again the contingent reward and punishment scales tap these constructs.

H:13. Subordinates will have stronger performance –> reward expectancies if the supervisor stimulates contingent reward by other group members and by outsiders (in the organization and clients).

H:14. The group is more likely to reward performance if the supervisor creates a supportive climate; if the supervisor makes performance visible; if the supervisor makes rewards contingent on group rather than individual performance.[5]

H:15. Outsiders are more likely to reward individuals if the supervisor (a) does not take the sole credit for the group's achievements; and (b) increases the visibility of the individuals' work by arranging contacts between subordinates and key outsiders.

As far as we are aware, no scales exist for the measurement of any of these constructs. Though group support is probably very similar to group cohesion, which has been studied in the path–goal context by Schriesheim (1980).

Anticipated satisfaction with success.

As we move to the left in the equation, we encounter components of the motivational model that are more influential in determining total motivation and are also more under control of the leader. The supervisor can have a major impact on the anticipated attractiveness of success. As noted in Hypothesis 4, the leader, by articulating and exemplifying the joy of accomplishment, can inculcate this value in his/her subordinates. Assuming the value is present in the subordinates, the leader can enhance or reduce this value in the following ways.

H:16. Feelings of success or failure will only be anticipated by the subordinates if the supervisor provides accurate feedback (see Hypotheses 6–8 for factors affecting accuracy of feedback).

H:17. Feelings of success and failure will only be anticipated by the subordinates if the subordinates agree with the performance evaluations provided by the supervisor (see Hypothesis 9 for factors affecting the acceptability of feedback).

H:18. Feelings of success and failure will be enhanced when supervisors articulate the value of the organization. This will result in subordinates showing a high level of organizational commitment; that is, they see a strong link between their success and failure on their tasks and the fate of the whole organization, and they value the organization positively.

Also relevant here are the findings of Locke, Shaw, Saari, and Latham (1981) about goal setting.

H:19. Feelings of success and failure will be enhanced when subordinates believe that they can achieve challenging goals.

H:20. Subordinates will believe that their goals are challenging—not too easy, not too difficult—if the leader sets difficult but achievable goals.[6]

H:21. Subordinates will believe that their goals are challenging—not too hard, not too difficult—if they participate in setting these goals.

The relationship suggested in H:20 may depend upon the subordinate's view of the leader. If the leader is mistrusted then her/his goal setting may be to no avail, though in laboratory setting, leaders adopting a "tell and sell" approach had little difficulty in having their goals accepted, so participation as outlined in H:21 may not be necessary unless the leader sets goals in an abrupt, authoritarian manner (Latham et al, 19xx). Whether directive or participative goal setting is more appropriate depends upon individual differences in the subordinates (see below).

Individual belief that effort leads to performance.

This is one of the more important concepts in the motivation model. The contribution of all the preceding components to overall motivation will be minimal unless this belief is strong. For this belief to be strong, the individual needs to believe that he/she has the ability to do the job (and also have the necessary abilities); people need to know what the goals are; what the appropriate paths are to reach these goals; and must believe that he/she has the resources to complete the task, and will not be thwarted in goal accomplishment by others in the organization or by environmental conditions. The fragility and susceptibility to social influence of this belief has been clearly demonstrated (e.g., Rosenthal & Jacobson, 1968). The leader can have a major impact on these beliefs (building them up or destroying them).

H:22. Supervisors can strengthen subordinate E_I by expressing confidence that the subordinate can complete the task.[7] Similarly, they can easily weaken subordinate E_I by expressing contempt for the efforts of subordinates.

H:23. Supervisors can strengthen subordinate E_I by providing coaching and training for subordinates.

H:24. Supervisors can strengthen subordinate E_I by ensuring that clear, specific, and achievable goals are set. See Hypotheses 20–21.

H:25. Supervisors can strengthen subordinate E_I by ensuring that the subordinate knows what appropriate paths are available.

Depending on individual differences in the subordinate, this can be done through participative or directive efforts.

H:26. Supervisors can strengthen subordinate E_I by planning and organizing the work so that resources are available and role conflict is minimal.

H:27. Supervisors can strengthen subordinate E_I by exhibiting supportive behavior so as to reduce role conflict and its attendant tension and anxiety.

H:28. Supervisors can strengthen subordinate E_I by ensuring that the subordinate is placed in a job for which he/she is competent.

Anticipated satisfaction from engaging in task activity.

As we have already pointed out, this is the most critical component in the motivation model. It alone has a direct effect on total motivation. The role of the supervisor is to ensure a fit between the individual and the job.

H:29. Supervisors can enhance this pleasure by ensuring that the individual has a job that is challenging (not too easy, not too difficult).

H:30. Job challenge can be maximized by selection, job redesign, and employee training.

H:31. Supervisors may be able to moderate a lack of pleasure from this source by being considerate and supportive so as to provide substitute satisfactions.

As we pointed out earlier, leadership is not the only factor that can affect each of these motivational components (IV_B, E_1, IV_A, E_{2i}, EV_i). The nature of the work, the nature of the work group, and the nature of the organization may all have an impact. In addition, preferences for a particular level of these various motivational components may differ across individuals. Furthermore, some of these variables, in some settings, may be beyond the control of the leader.

For the leader to act as a motivator, he/she has to ask and answer two questions: What is lacking in the motivational components for my subordinates? and Can I do anything about it? Even if there is something lacking, the leader cannot motivate her/his subordinates if he/she has no control over the missing motivational component.

Before exploring the contingencies implicit in this diagnostic process, some hypotheses relevant to satisfaction can be stated now that we have identified a series of leader behaviors through this inductive process. We can ask which of these leader behaviors are likely to result in satisfaction for the employees.

H:32. The greater the ability of the supervisor to provide a variety of rewards, the more satisfied the subordinate.

H:33. The more able the supervisor is to diagnose which rewards are desired by subordinates, the more satisfied the subordinate.

H:34 The more considerate (or supportive) the leader, the more satisfied the subordinate.

H:35. The higher the upward influence of the leader, the more satisfied the employee.

H:36. The level of satisfaction associated with the other leader behaviors will be contingent on a variety of situational factors (see below).

Contingencies in the path–goal theory.

Although the first version (Evans, 1970) of the path–goal theory of leadership did not state or explore any contingencies that might moderate the leader behavior, employee response relationship, the great power of the theory lies in its development of these contingencies (House, 1971). The theory suggests three main contingency factors: the nature of the task, the nature of the organization (and work group), and the nature of the individual. Similar and additional moderator effects were identified by Kerr and Jermier (1978). In some cases, pairs of these might be expected to act as joint moderators.

Task: motivation.

When the task is routine, unambiguous, and highly structured, anticipated satisfaction from engaging in the task is likely to be low: in order to improve motivation (and performance), leaders should try to match people with low growth needs to these tasks; if the organization lacks people with low growth needs, then the leader should enrich these jobs; if these strategies fail, then leaders should exhibit supportive, considerate leadership so as to reduce the dissatisfaction. In such tasks, the belief that effort leads to performance is likely to be high so that showing confidence will be unnecessary and clarifying paths and setting goals (even if done in a participative way) may be resented. Anticipated satisfaction from success is likely to be low; the leader needs to articulate the goal of company success, set (or participate in setting) challenging goals (even in simple tasks such quantity and quality goals may increase the feeling of challenge). Feedback from the task is likely to be clear so that additional feedback may be unnecessary and even confusing. Thus the conditions in which clear, performance-based rewards are possible are met. Such a reward system should be provided.

When the task is ambiguous and unstructured, the opportunity to attain satisfaction from task performance is more likely to be high as a variety of skills will be necessary to perform the task. Again the leader should ensure that a person with the necessary skills is placed in the job, and, if necessary, trained. The effort performance expectancies are likely to be weak, so the leader needs to express confidence and clarify paths and set goals; whether this is done directively or in a participative way depends upon the nature of the subordinate: for those high in needs for autonomy, participation should be used; for those who are more dependent, directive behavior would be appropriate. The leader would probably not need to provide much in the way of enhancing the satisfaction from success, though goal setting at the appropriate level would probably increase satisfaction with accomplishment.

This suggests that many of the leader behaviors—diagnosing performance differences, contingent reward and punishment, accuracy of feedback, and goal setting—are *not* contingent on the task. Contingent behaviors include showing confidence (though showing contempt is always to be avoided), path clarification, and training. Unfortunately, there is little support from a meta-analytic study (Wofford & Liska, 1993) that these contingencies are supported (see below).

Task: satisfaction.

When the task is routine, unambiguous, and highly structured, supportive, considerate leader behavior is particularly likely to be associated with satisfaction, directive leadership with dissatisfaction.

When the task is ambiguous and unstructured, supportive leadership would not necessarily be satisfying; path-clarifying behavior (either directive or participative, depending on individual characteristics of the subordinate) would be satisfying.

Organization: motivation and satisfaction.

> Reward systems. When the organizational rewards are provided to individuals on the basis of objective performance indicators, then (a) performance–reward expectancies and (b) the anticipated satisfaction from extrinsic rewards are likely to be high. For the leader to provide additional performance-based reward and punishment or to encourage others to provide them may be redundant. Thus these behaviors would be unrelated to performance and satisfaction. On the other hand, even in such circumstances, upward influence may still be necessary for the subordinates to receive desired rewards. When organizational rewards are provided based upon subjective evaluations of performance, then participation in goal setting and evaluation is critical, as is the leader's stimulation of reward by others and the leader's upward influence.
>
> Organization structure. Low formalization of structure (few rules, few standard procedures, overlapping tasks, etc.) may result in high role ambiguity and high role conflict. When this occurs, beliefs about effort leading to performance are likely to be low, so structuring of the path (directively or through participation) by the leader is likely to reduce ambiguity; leader support or consideration may reduce the tension from conflict; leader planning and organizing may reduce the amount of conflict. On the other hand, high formalization will increase beliefs that effort leads to performance, but may also, through its effects on task design, reduce anticipated satisfaction from success and from task activity. The leader behaviors outlined above can compensate for this.

Unfortunately, there is little work relevant to organizational differences (Podsakoff et al., 1997).

Other leader behaviors.

The relationship between reward variety, supportive behavior, contingent reward, and punishment will be more motivational and more satisfying when the leader is also high in upward influence.

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Characteristics of the subordinate.

In addition to the task and organizational moderators outlined above, individual differences in the subordinate can affect the most appropriate way in which an activity should be carried out, or whether the activity is necessary at all.

Growth Need Strength.

This refers to individual needs for personal growth and development (Hackman & Oldham, 1976). Where tasks are complex, and the individual's growth need strength is low, charismatic behaviors on the part of the leader may arouse such needs and provide a fit between the job and the person. If this fails then redesigning the job so that it is less complex, or placing the individual in a different job, may be appropriate. On the other hand, if tasks are complex and GNS is high, then there is a good fit between individual and job, so little leader intervention may be required. If, however, tasks are simple, then the leader should respond with job enrichment strategies or, if these are infeasible, with sustained support.

Tolerance for ambiguity.

This refers to the individual's ability to cope with situations of uncertainty (Budner, 1962). If the individual has a high tolerance for ambiguity, then even if the task is uncertain, it is not necessary for the leader to provide structure (either directively or with participation). Similarly, with high tolerance for ambiguity and a very certain task, the subordinate may find such certainty frustrating, so the leader may need to respond by creating additional ambiguity through job enrichment. On the other hand, if uncertainty of the task is high and if the subordinate cannot tolerate this uncertainty, then the leader's structuring of the situation becomes vital. However, such structuring may not be required when the task is clear.

Need for autonomy.

We have already mentioned that the choice of the leader between two different methods of structuring the situation depends upon whether or not the subordinate has a high or low need for autonomy (or independence or participation): when high, the participative route should be taken; when low, the directive route is appropriate.

Self-esteem.

If individuals have low self-esteem (chronic or task related) then they will not have very strong beliefs that effort will lead to performance. In such a case, the leader must show confidence if the individual is to be motivated to perform the task. This behavior may be unnecessary when the subordinate has high self-esteem.

Performance level.

A number of the leader activities will be more acceptable to high performers than low performers. These include communication of performance reward contingencies, accurate feedback, contingent reward and punishment (by supervisor, by organization, and by group members and clients), setting challenging goals, showing confidence (because it places the responsibility for performance on the subordinate), clarifying paths, and planning and organizing.

Again very few studies (see Podsakoff et al., 1997, for a review) have looked at the role of individual characteristics (except that of ability).

TESTS OF THE THEORY

Although the rich version of the theory presented here has been available for over 20 years (Evans, 1979), most tests of the theory have focused on the earlier versions of the theory (House, 1971; House & Mitchell, 1974). These tests have been very restrictive in the kinds of leader behaviors examined, the dependent variables studied, and the moderator variables examined. There have been two major attempts to summarize the theory: a meta-analysis by Wofford and Liska (1993) and a more recent narrative review by Podsakoff, MacKenzie, Ahearn, and Bommer (1995). The data from the bulk of the published research testing path–goal theory (and its spinoff, substitutes for leadership theory) are presented in Table 4.2, which is based on the Podsakoff and colleagues (1995) review.

Table 4.2. Path Goal Theory

Leader Behavior	
Consideration	55
Initiation	52
Noncontingent reward	19
Role model	10
Instrumental	9
Contingent punishment, reprimand	9
Foster accept group goals	8
Work facilitation	8
Directive, autocratic, assertive, close	7
Role clarification, allocation, clarify work assignment, specify procedures	6
Participative, delegate	5
Goal emphasis	3

Table 4.2. Path Goal Theory (Cont.)

Leader Behavior	
Contingent reward, recognition	3
Achievement oriented, high performance expectations	3
Intellectual stimulation	2
Noncontingent punishment	2
Upward interaction	2
Maintenance	2
Supportive	2
Vision	2
Leader effectiveness	2
Interaction facilitation	2
Individualized support	2
Participative vs. directive, style	2
Liaison	2
Social power	2

The data in Table 4.2 indicate how restricted our efforts have been. These data were re-extracted from the recent literary review by Podsakoff and colleagues (1997). This is an exhaustive compilation of the extant literature on the path–goal theory and its spinoff substitutes for leadership theory. Nearly all the 90 studies have focused on two leader behaviors (Initiation of Structure [54] and Consideration [51]) as they interacted with task structure [3] to affect performance [47] or, more likely, satisfaction [66].

The number of studies that have examined components of the motivation theories (such as IV_B, E_I, or E_{2I}) is very small [11] and all these appeared prior to 1997 (from a count of the studies summarized by Podsakoff et al.). This is very disappointing. If one is going to test a theory, then the best way to do so is to use all the concepts involved in the theory rather than just a subset. The number of studies that have included individual characteristics of the subordinate as moderators is respectable [39]; though only two have looked at joint task and individual characteristics as moderators (Schuler, 1976; Weed, Mitchell, & Moffit, 1976). In light of the absence of studies testing the critical motivational hypotheses of the theory or testing the multiple moderators implied by the theory, it is hard to argue that the theory has undergone reasonable testing; it has not.

Two other issues suggest that the theory has not received adequate testing. First of all, the average sample size in any study is quite modest (about 266). This does not provide a very powerful test to identify small differences between correlations or tests of interactions in moderated hierarchical regression. Second, the majority of the studies analyze the contingent hypotheses by looking at correlations in subgroups that are high, medium (very occasionally), and low on the moderator variable. This is not the most appropriate analytic design as it confounds variance associated with the main effect of the moderator on the dependent variable with the differences in the independent/dependent correlations. The analytic technique of choice should be hierarchical multiple regression. Few studies have done this.

Wofford and Liska (1993) found that 6 out of 16 predicted moderator effects were supported (37.5%). These are shown in Table 4.3:

Table 4.3. Wofford and Liska (1993) Moderator Effects

Moderator	*Leader Behavior*	*Dependent Variable*
Task Structure	Initiating Structure	E_{2i}
Task Structure	Consideration	E_1
Task Structure	Consideration	Satisfaction with Supervision
Task Structure	Consideration	Role Conflict
Job Scope	Consideration	Performance
Ability	Initiating Structure	Overall Satisfaction

Podsakoff and colleagues (1997) noted that the studies testing path–goal theory found that 138 out of 562 interaction effects were significant (24.6%). However, it is not clear whether these were all interactions examined or all theoretically predicted interactions. In either case, this does not represent resounding support for the theory.

These results are disappointing for proponents of the theory because past research has merely scratched the surface of the theory. Only one study (Fulk & Wendler, 1983) has examined achievement-oriented leadership (which we would prefer to be conceptualized as its two components: setting challenging goals and showing confidence). However, the unique contribution cannot easily be assessed due to their analytic technique: a canonical correlation in combination with upward influence, contingent reward leadership, and punitive leadership. Podsakoff and colleagues (1984) have examined a large number of moderators of contingent reward and contingent punishment effects. They found few moderators, In practice, contingent reward can only be provided if the supervisor has accurate information about the subordinate's work performance. Komaki (1988) has found that this accuracy is improved when the supervisor engages in face-to-face monitoring of the subordinate. Note that only a modest amount of this monitoring is needed. This finding implies that contingent reward must be accompanied by monitoring (and, we would argue, upward influence) for contingent reward to be related to performance.

A pair of studies (Klimoski and Hayes, 1980; Oldham, 1976) found some support for our more elaborated framework. Oldham (1976), without taking an explicit path–goal approach, also argues that the leader's impact operates through the motivational process. For motivation to be enhanced, Oldham argues that six supervisory behaviors must be performed: personal and material reward behavior, similar punishment behaviors, goal setting (specific, clear, and challenging), designing feedback systems, personnel placement, designing job systems, designing reward systems. They found that all these variables except material reward and punishment and the design of reward systems were strongly related to a manager's or supervisor's ratings of how well the subordinate motivated her/his subordinates and how effective these subordinates were.

Klimoski and Hayes (1980) explicitly infer the needed leader behaviors from the motivational state of the subordinates. They examined six leader behaviors: explicit job instruction, frequency of job-related communication, participation by subordinates in setting performance standards, support for efforts to perform effectively, frequency of performance review, and consistency toward subordinates. Although Klimoski and Hayes explored a number of dependent variables (performance, role ambiguity, E_{2i}, job satisfaction), the most consistent results were found for E_{2i}. These were correlated with explicit instruction, subordinate involvement in standards, support, and consistency. There were weak correlations between ratings (self and superior) of effort and explicit instruction, subordinate involvement in standards, support, and consistency. Only subordinate involvement in standard setting was a consistent predictor of job performance.

The main weakness in both these studies is the failure to examine any of the contingency hypotheses. Nevertheless, they represent important advances in examining the broad set of relationships implied by the theory.

IMPLICATIONS FOR RESEARCHERS

Three things are clearly required. First, we need to go back to the core of the theory and test it. At a minimum, I would suggest two dependent variables: performance and satisfaction; a set of intervening variables: IV_B, IV_A, E_I and a linked set of E_{2I}, and E_{vi}; a set of moderators inluding upward influence and task structure; and leader behaviors including supportive, instrumental, and achievement oriented. These should be sufficient for a rigorous test.

Second, after successful replication of that basic model, we can move to the development of scales to test the full set of leadership variables implied by path–goal theory (cf. Klimoski & Hayes, 1978; Oldham, 1976; Yukl & Nemeroff, 1979). Test of the theory should be expanded to encompass these relevant leader behaviors and to encompass the needed motivation dependent variables. Satisfaction is interesting; motivation is critical for understanding performance.

Third, it is no longer suitable to perform sub-group analyses alone. They should be combined with hierarchical regression analyses; for these large sample sizes are mandatory (cf. Arnold, 1982; see Evans, 1985, for a discussion of power in hierarchical regression analysis).

Finally, it seems to us that leader influence is most potent during the early stages of the leader–subordinate relationship (Graen, 1976; Greene, 1979) or during the subordinate's early experience on a task. Research on samples of this type are encouraged.

IMPLICATIONS FOR MANAGEMENT

With the support for the theory so tentative, it would be premature to make strong specific recommendations. However, two points are in order. To motivate subordinates, the leader needs to be a diagnostician. The path–goal theory, although complex, provides a manageable structure for undertaking such a diagnosis. Using this framework, the manager can be sure that no major issues have been forgotten.

We should take seriously the underlying motivational model with its several components: extrinsic valences, the performance –> reward beliefs, the anticipated satisfaction from success, the effort –> performance beliefs, and the anticipated satisfaction from the behavior. We should, however, be aware that this is not the whole story of motivation. There are unconscious motives. There is also frustration-driven behavior (Argyris, 1957). So, to engage motivation, leaders should first remove major sources of frustration. Then, in engaging motivation, the importance for motivation of the two left-most components of the model (IV_B, E_1) cannot be overestimated. These are critical to motivation. The manager needs to be particularly sensitive to these and ensure that they are present in each subordinate's job situation. The fun of the activity can be enhanced through matching person and job. If absent, the clarity of the effort–>performance link can be increased by (a) information that clarifies what is to be done, and (b) by confidence building to ensure the individual knows that he can reach the requisite level of performance. Dealing with these two deficits is the most important tasks of the leader.

NOTE

1. Some of the ideas expressed here have been stated earlier (Evans, 1979, 1987, 1995). My indebtedness to Robert House for most of the good ideas in this chapter is evident.
2. This is not the place to go into the assumptions made by expectancy theory. They are restrictive. One set of assumptions has to do with any utility model: knowledge of all outcomes; knowledge of all alternative courses of action; sensitivity to small variations in motivational forces; transitivity of choice, and so on. A second has to do with the independence of intrinsic and extrinsic rewards (Deci, 1975); this seems reasonable in work settings (Condry, 1977). The third has to do with the possible lack of independence between Effort -> Performance expectancy and the Intrinsic Valence of Success (cf. Atkinson & Feather, 1966); this issue is not yet resolved (cf. Mento, Cartledge, & Locke, 1980). The third has to do with the possibility that retrospective sense making (Staw, 1976) about past choices is seriously biasing the current assessments of valencies and expectancies and therefore affecting motivational choice.
3. The inclusion of this reward here indicates that the organization can reward good performance by providing people with more interesting assignments; this indirectly increases the valence of the activity (IB).
4. Accurate attributions also affect the kind of corrective action taken by the supervisor: no action, coaching, rewarding, punishing (Mitchell, Greene, & Wood, 1981).
5. This can be a double-edged sword: making rewards dependent on group performance can also reduce the perceived link between individual performance and reward. The debilitating effect is more likely to occur in large groups; the reinforcing effect in small groups.
6. This is one part of House and Mitchell's (1974) achievement-oriented leadership concept; the other is belief that one can attain them. As the two components have different roles in the nomological framework, they are separated conceptually and should be measured separately.
7. Showing confidence is the second part of achievement-oriented leadership.
8. This figure represents the number of studies that included at least one measure of satisfaction.

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CHAPTER 5

INFLUENCE TACTICS AND LEADER EFFECTIVENESS

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ABSTRACT

This chapter reviews major findings in research on the effectiveness of various proactive influence tactics when used for influencing subordinates, peers, and bosses in organizations. Proactive tactics are differentiated from reactive tactics, impression management tactics, and political tactics. We describe issues and problems concerning the types of research methods that have been used, the criteria of influence effectiveness, and the use of higher-order constructs such as metacategories and influencer profiles. A survey field study, an incident study, and a laboratory experiment are described to demonstrate how these three methods have contributed to our understanding of proactive influence tactics. Suggestions for future research and theory development are also presented.

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INTRODUCTION

An effective leader must influence others to carry out requests, support proposals, and implement decisions. In large organizations, the effectiveness of leaders depends on their influence over superiors and peers as well as subordinates. The success of an attempt by one person (the "agent") to influence another person ("the target") will depend to a great extent on the influence tactics used by the agent. Over the past few decades a number of researchers have attempted to identify distinct influence tactics and assess their effectiveness.

There are many different types of influence tactics, and there is little agreement about the best way to classify them with respect to primary objectives and underlying causal processes. At least four general types of influence tactics have been identified. *Proactive tactics* are used in an attempt to influence someone to carry out an immediate request. *Reactive tactics* are used to resist unwanted influence attempts by other people, or to influence someone to modify a request so that it is more acceptable (O'Hair, Cody, & O'Hair, 1991; Tepper, Nehring, Nelson, & Taylor, 1997; Yukl, Fu, & McDonald, in press). *Impression management tactics* are used to create a favorable image and build closer relationships (Ferris, Judge, Rowland, & Fitzgibbons, 1994; Gardner & Martinko, 1988; Kumar & Beyerlein, 1991; Tedeschi & Melburg, 1984; Wayne & Ferris, 1990; Wayne & Liden, 1995; Wortman & Linsenmeier, 1977). *Political tactics* are used to influence organizational decisions and gain benefits for an individual or group; these tactics often involve deception, manipulation, and abuse of power (e.g., Fairholm, 1993; Ferris, Adams, Kolodinsky, Hochwarter, & Ammeter, 2002; Kacmar & Baron, 1999; Pfeffer, 1992; Porter, Allen, & Angle, 1981).

There is some obvious overlap among the various types of influence tactics, but there are also important differences. This review focuses on what has been learned about the effectiveness of proactive influence tactics in organizational settings. We will not attempt to review research on the other types of tactics, or research on related issues such as individual and situational predictors of influence behavior.

Understanding influence processes requires researchers to identify (1) distinct influence tactics that can be observed and measured, (2) relevant criteria for evaluating influence success, (3) the facilitating and limiting conditions for using each tactic, and (4) the mediating processes that explain the effects of the tactics. Progress in learning about influence processes is limited by the quality and relevance of the research methods that are used. These and related issues are discussed to clarify the difficulties encountered in conducting and interpreting research on influence behavior.

IDENTIFICATION OF PROACTIVE TACTICS

The most common form of influence behavior is a "simple request" based on legitimate power (Yukl, 2002). Compliance by the target person is likely for a simple request that is clearly legitimate, relevant for the work, and feasible for the target person to do. However, if the requested action is unpleasant, irrelevant, or very difficult, then compliance is less likely. For many types of influence attempts it is necessary to use proactive influence tactics to succeed in getting a target person to carry out a request. Proactive tactics are especially important for attempts to influence people over whom the agent has no direct authority.

Early Research

Critical incidents were used in some early studies to identify different proactive influence tactics (e.g., Case, Dosier, Murkinson, & Keys, 1988; Kipnis, Schmidt, & Wilkinson, 1980; Schilit & Locke, 1982). Other early research involved analysis of survey questionnaires (e.g., Erez, Rim, & Keider, 1986; Kipnis et al., 1980; Mowday, 1978). As often happens in a new area of inquiry, conceptual confusion impeded progress in learning about effective influence behavior. Two lines of research with considerable impact on current conceptions of influence behavior are described next.

The exploratory research by Kipnis and colleagues (1980) resulted in the development of a self-report agent questionnaire, called the Profiles of Organizational Influence Strategies (POIS), to measure eight influence tactics. Schriesheim and Hinkin (1990) conducted psychometric analyses of this questionnaire and found only six of the tactics were useful for describing upward influence attempts (rationality, exchange, ingratiation, pressure, coalition, and upward appeal). The remaining two tactics (sanctions, blocking) did not provide stable factors.

Yukl and his colleagues (Yukl & Falbe, 1990; Yukl, Lepsinger, & Lucia, 1991) conducted research to identify a larger set of proactive tactics that are relevant for leaders in organizations. This research used an alternative measure of influence tactics called the Influence Behavior Questionnaire (IBQ). The research has emphasized the target version of the IBQ, because ratings made by other people are likely to be more accurate than agent self-ratings. Factor analysis of responses to the target IBQ by subordinates, peers, and bosses identified nine distinct tactics, including five that were similar to tactics found in earlier research (rational persuasion, exchange, ingratiation, pressure, and coalition). The remaining four tactics, based on the leadership and power literature, include consultation, inspirational appeals, personal appeals, and legitimating. The research indicated that an upward appeal is a form of coalition that does not emerge as a separate factor except sometimes in upward influence attempts.

Recent Research

Research conducted during the late 1990s by Yukl and his colleagues identified two additional tactics, called apprising and collaboration. These tactics were discovered during attempts to expand the content domain for exchange and rational persuasion.

Collaboration involves offering to help the target person carry out a request. This tactic was initially assumed to be a part of exchange, because it involves an offer to do something for the target person. However, exchange involves offering to trade unrelated benefits, whereas collaboration involves offering a related benefit that will reduce the target person's costs of complying. When two collaboration items were added to the IBQ in an unpublished exploratory study in 1998, a factor analysis revealed that these items failed to load on the factor for exchange. Moreover, the pattern of results for collaboration was not the same as for exchange.

Apprising involves explaining how the target would benefit from carrying out the agent's request. This tactic was initially assumed to be part of rational persuasion, because it involves the use of facts and logic. However, with rational persuasion the agent explains how the request would benefit the organization, whereas with apprising the agent informs the target person about benefits likely to be gained by carrying out a request. Unlike exchange, apprising is an attempt to clarify how the target person will benefit, not an offer to provide the benefits. When two apprising items were added to the IBQ in the same unpublished exploratory study mentioned earlier, a factor analysis revealed that these items did not load on the factor for rational persuasion. Moreover, the pattern of results for use of apprising was not the same as for rational persuasion.

Scales for collaboration and apprising have been added to the revised version of the IBQ. Validation research that includes confirmatory factor analysis indicated that the 11 proactive tactics can be regarded as distinct types of influence behavior (Yukl & Seifert, 2002). Evidence for the construct validity of these tactics is also provided by research using other methods, such as influence incidents, scenarios, and experiments. The influence tactics in the extended taxonomy are defined in Table 5.1.

Table 5.1. Definition of the Proactive Influence Tactics

Rational Persuasion	The agent uses logical arguments and factual evidence to show that a request or proposal is feasible and relevant for important task objectives.
Apprising	The agent explains how carrying out a request or supporting a proposal will benefit the target personally or will help to advance the target's career.
Inspirational Appeals	The agent appeals to the target's values and ideals or seeks to arouse the target person's emotions to gain commitment for a request or proposal.
Consultation	The agent asks the target person to suggest improvements or help plan a proposed activity or change for which the target person's support is desired.
Collaboration	The agent offers to provide relevant resources or assistance if the target will carry out a request or approve a proposed change.
Ingratiation	The agent uses praise and flattery when attempting to influence the target person to carry out a request or support a proposal.
Personal Appeals	The agent asks the target to carry out a request or support a proposal out of friendship, or asks for a personal favor before saying what it is.
Exchange	The agent offers something the target person wants, or offers to reciprocate at a later time, if the target will do what the agent requests.
Coalition Tactics	The agent enlists the aid of others, or uses the support of others, as a way to influence the target to do something.
Legitimating Tactics	The agent seeks to establish the legitimacy of a request or to verify that he/she has the authority to make it.
Pressure	The agent uses demands, threats, frequent checking, or persistent reminders to influence the target to do something.

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FACILITATING CONDITIONS AND MEDIATING PROCESSES

Progress in research on tactic effectiveness has been impeded by the lack of a well-developed model to explain how various tactics affect the attitudes and behavior of target persons. An exploratory, atheoretical perspective has been common in much of the research. There is no comprehensive theory describing underlying psychological processes or the facilitating and limiting conditions for tactic effectiveness. Influence attempts can fail even when the agent uses relatively effective tactics, and they can be successful even when the agent uses inappropriate tactics. As yet there is little theory to explain how influence tactics and other factors jointly determine the outcome of an influence attempt. A few studies have examined conditions that can enhance or diminish the effectiveness of a specific influence tactic, but much more needs to be done.

In an attempt to identify facilitating conditions, Yukl and Tracey (1992) proposed that the effectiveness of an influence tactic depends on five factors: (1) amount of intrinsic resistance by the target due to the nature of the request, (2) potential of the tactic to influence target attitudes about the desirability of the requested action, (3) agent possession of an appropriate power base for use of the tactic in that context, (4) agent skill in using the tactic, and (5) prevailing social norms and role expectations about use of the tactic in that context. According to this model, a tactic is more likely to be successful if the target perceives it to be a socially acceptable form of influence behavior, if the agent has sufficient power to use the tactic, if the tactic can affect target attitudes about the feasibility and desirability of the request, if the tactic is used in a skillful way, and if it is used for a request that is legitimate and consistent with target values and needs.

The model has been used as a basis for deductive hypotheses about the relative effectiveness of various tactics in different directions, but it has not been directly tested. The model suggests some reasons for tactic effectiveness but does not explain the underlying influence processes adequately. A source of potential explanations can be found in theories about psychological processes that affect a person's attitudes and behavior (e.g. Greenberg, 1987; Kelman, 1974; Petty & Cacioppo, 1986; Shamir, 1991; Spreitzer, 1995). More effort is needed to develop and test theories about the mediating processes and facilitating conditions for proactive influence tactics.

CRITERIA OF INFLUENCE SUCCESS

A number of different criteria have been used to assess the effectiveness of influence behavior, including the immediate outcome of an influence attempt and more delayed career outcomes for the agent. How these criteria are measured and the conceptual and methodological problems associated with them will be explained briefly.

Influence Outcomes

The success of the influence attempt for the agent is a matter of degree, and it is useful to differentiate among three qualitatively distinct influence outcomes, namely commitment, compliance, and resistance (Yukl, 1989). Commitment occurs when the target person internally agrees with a decision or request from the agent and makes a great effort to carry out the request or implement the decision effectively. Compliance occurs when the target is willing to do what the agent asks but is apathetic rather than enthusiastic about it and will make only a minimal effort. Resistance occurs when the target person is opposed to the proposal or request and attempts to avoid doing it.

For a complex, difficult task, commitment is usually the most desirable outcome. However, for a simple, routine request, compliance may be all that is necessary for the agent to accomplish task objectives. Resistance is usually considered an undesirable outcome, but it can be desirable if the target person has valid reasons for opposing a request or proposal and seeks to help the agent find a more acceptable approach for accomplishing shared objectives (Yukl, 2002).

Outcomes of influence attempts have been assessed in several ways. An approach used in some incident studies (e.g., Falbe & Yukl, 1992) was to ask target persons to explain in detail how they reacted to an influence attempt by the agent. The respondent also classified the outcome as commitment, compliance, or resistance, and the researchers verified that this classification was consistent with the description. In some survey studies (e.g., Yukl & Tracey, 1992), target persons were asked to rate how often influence attempts by the target person resulted in commitment. In some experimental studies, target persons were asked to indicate how committed they would be to carry out the agent's request (e.g., Yukl, Kim, & Chavez, 1999). In other experiments, the outcome of an influence attempt was evaluated by measuring target intentions, behavior, or performance.

Measures of perceptions, intentions, and stated commitment are potentially accurate, but accuracy should not be assumed if there is any reason for respondents to distort their answers (e.g., to make a good impression and conceal their true feelings). A measure of actual behavior is likely to be more accurate than a measure of attitudes. Agent ratings of influence outcomes are less likely to be accurate than target ratings, as long as the responses are confidential. Agents do not always recognize target resistance, and they have more difficulty differentiating between target compliance and commitment.

In most studies of tactic effectiveness, the accuracy of the outcome measure has not been adequately demonstrated. Researchers seldom use multiple indicators or multiple sources. More studies should include an accurate measure of target behavior following an influence attempt, rather than focusing only on the target person's perceptions and intentions.

Appraisals and Career Outcomes

Influence behavior also has consequences for appraisals of agent performance, and for career outcomes such as salary increases and promotions. A number of studies have used performance appraisals and/or career outcomes as a basis for evaluating the effectiveness of influence behavior (e.g., Mowday, 1978; Yukl & Tracey, 1992). However, the link between specific influence tactics and career outcomes is tenuous and difficult to evaluate. The influence behavior of the agent is only one of many determinants of career outcomes, and the diverse and delayed effects of the multiple determinants make it difficult to assess causality. When other key determinants of appraisals or career outcomes are not included in a study, there is great potential for confounding. Interpretation of results is further complicated when proactive tactics and impression management tactics are included in the same study without clearly explaining the important differences in objectives and mediating processes (e.g., Thacker & Wayne, 1995; Wayne, Liden, Graf, & Ferris, 1997).

Some specific examples will help to clarify why it is difficult to determine how influence behavior is related to career outcomes. Rational persuasion can be used by a subordinate to obtain an immediate task-related objective such as approval for a proposed change (e.g., by presenting evidence that it would be beneficial for the organization). Rational persuasion can also be used to obtain a personal benefit such as a promotion (e.g., by explaining why the agent is the most qualified person for the position). Rational persuasion is not likely to be used just to create a favorable general impression, but along with many other relevant aspects of behavior, it can affect judgments about a person's interpersonal, cognitive, and technical skills. The relevant determinants of judgments about the person's performance probably include how well he or she carries out job responsibilities, makes decisions, and influences people whose cooperation is needed (e.g., subordinates, peers, clients). Given the complexity of causal relationships, the person's use of rational persuasion in upward influence attempts should have only a limited effect on performance appraisals by the boss. Consistent with this proposition, most studies have found a significant but weak positive correlation.

The studies relating influence tactics to career outcomes seldom include measures of other relevant determinants, making it difficult to determine the independent effects of the agent's influence behavior. Future research should examine how subordinates influence specific decisions about career outcomes, rather than simply correlating tactic frequency with these outcomes. For example, researchers could examine the sequence of influence events leading to promotion decisions by interview-ing the relevant parties to gain a detailed description of their actions, perceptions, and attitudes.

METHODS USED FOR RESEARCH ON TACTIC EFFECTIVENESS

Several research methods have been used to investigate the relative effectiveness of different influence tactics, and each method has strengths and weaknesses. The primary methods include survey field studies, incident studies, experiments, and scenarios.

Survey Field Studies

In the survey field studies, a questionnaire such as the POIS or the IBQ is used to measure how often a person uses each tactic with a specific type of target person or with a specific individual. Sometimes an agent self-report version of the questionnaire is used, and sometimes a target version is used. In survey studies on tactic effectiveness, scale scores for individual tactics are correlated with measures of influence outcomes or ratings of agent effectiveness (e.g., Barry & Bateman, 1992; Brennan, Miller, & Seltzer 1993; Deluga, 1991; Yukl & Tracey, 1992). In some studies the tactic scales are collapsed into a few broad tactic metacategories (e.g., hard versus soft tactics), or agents are classified into different influencer types. These higher-order constructs create special problems, which are explained later in this chapter.

A major limitation of the survey studies is their inability to demonstrate causality. When a correlation is found between a tactic and an outcome, it is assumed that the outcome was the result of the agent's use of a tactic. However, rival explanations are plausible, such as response biases, attributions, and confounding of influence behavior with other variables. The weakest research design is one in which the same respondents provide all data on both the influence behavior and the outcome. However, even when there is an independent criterion, problems in the behavior questionnaires make it difficult to interpret the results.

The weaknesses of self-report behavior questionnaires are widely acknowledged in the leadership literature, but not in the survey research on influence tactics. Demonstration of measurement validity requires much more than factor analysis or internal consistency reliability. The ability of respondents to differentiate among sets of items and to answer similar items in a consistent way does not mean that the scales provide an accurate measure of actual influence behavior. Unless better evidence of validity is found for agent self-reports, they should not be used as the only measure of influence behavior in studies on tactic effectiveness.

Target questionnaires are more accurate than agent questionnaires, but measurement accuracy for them is also limited. Most respondents do not carefully observe the influence tactics used by others, and the lack of a complex mental model for encoding observations makes it difficult to remember how much each tactic was used over a period of months or years. The emphasis on frequency of behavior is another limitation of the questionnaires. Respondents are asked to indicate how often each type of tactic was used, but not to indicate whether it was used at an appropriate time in an appropriate way. Questionnaires such as the POIS and the IBQ do not provide accurate information about the context, the influence objective, or the timing and sequencing of different tactics. To gain more insight about effective influence behavior requires research methods (e.g., diaries, interviews, observation) that reveal how multiple tactics are used in relation to a specific context for a specific influence objective.

Influence Incidents

In research using influence incidents, respondents are asked to describe a recent influence attempt in which they were involved either as an agent or target. Incidents may be collected either by interviews or in writing. Respondents are usually asked to provide more than one incident, and the researcher may request incidents with specified outcomes (e.g., successful vs. unsuccessful) or specified targets (e.g., subordinate, peer, boss). These aspects can be systematically varied to study the relative effectiveness of different tactics, or the way influence behavior varies across situations (Yukl, Falbe, & Youn, 1993). In some incident studies, the tactic categories emerged as an inductive process (e.g., Case et al., 1988; Dosier, Case, & Keys, 1988; Keys, Case, Curran, Miller, & Jones, 1987; Schilit & Locke, 1982). In some other studies (e.g., Falbe & Yukl, 1992; Yukl et al., 1993; Yukl, Kim, & Falbe, 1996), the influence behavior described in the incidents was coded into tactic categories based on prior theory or research.

Influence incidents can provide a combination of qualitative descriptions and quantitative data for testing a priori hypotheses. However, incidents have a number of limitations. It is difficult to obtain detailed descriptions of influence behavior, and superficial incidents do not provide an adequate basis for coding tactics and outcomes. Another limitation is that salient or frequently used tactics tend to be overrepresented, and this bias is more evident when each respondent provides only one or two incidents. As in the case of survey studies, when incidents are used to evaluate tactic effectiveness, it is difficult to interpret causality. The outcome of an influence attempt may be caused by other factors not accurately depicted in the incident or not accurately coded by the researchers. The description of the influence behavior may be distorted by selective memory, biased perception, or social desirability.

Some researchers have used a hybrid approach that involves a questionnaire focused on a specific influence incident (e.g., Farmer & Maslyn, 1999; Tepper, Eisenbach, Kirby, & Potter, 1998). Respondents were asked to think of a recent influence attempt, then use a questionnaire to describe the extent to which the agent used various influence tactics. Administration and scoring are simplified, but this approach sacrifices the rich qualitative data provided by a detailed description of the agent's influence behavior and the target's reactions (including counter-influence attempts). A better hybrid is to use regular incidents but include a short questionnaire with each incident to measure other relevant variables (e.g., Yukl et al., 1996).

Experiments

In experimental studies, researchers manipulate the agent's use of proactive tactics in order to examine the effects on target attitudes, intentions, or behavior. In one type of experimental study, different influence tactics were presented in written messages to evaluate the effects on targets (e.g., Barry & Shapiro, 1992). In another type of experimental study, the agents were induced to use different influence tactics in a role-play exercise to assess the effect on target perceptions and intentions (e.g., Yukl et al., 1999). In a third type of experimental study (e.g., Kirkpatrick & Locke, 1996; Shea & Howell, 1999), the influence behavior of team leaders was varied to determine the effects on member perceptions and performance. In the latter type of study, influence behavior is usually manipulated along with other leadership behaviors, making it more difficult to assess their independent effects.

Experiments enable researchers to manipulate multiple tactics in a controlled setting to assess causal effects and study facilitating conditions and mediating processes. However, it is difficult to evaluate whether participant reactions are the same in a laboratory setting as in real situations where influence attempts have more important consequences. Realism is probably greatest when target persons believe they are carrying out a genuine task, and the measure of influence outcomes includes their actual task behavior, not just their attitudes or intended behavior.

Scenarios

In an open-ended scenario study, respondents are asked to describe effective ways to influence the target person in one or more typical influence situations; these responses are coded into predetermined tactic categories. In a fixed-response scenario study, a set of tactics is provided for each scenario and respondents rate the likely effectiveness of each tactic if used by the agent in that situation. Scenario studies have been used to compare perceptions of tactic effectiveness by different groups of people, such as managers from different cultures (e.g., Fu & Yukl, 2000; Fu, Yukl, Kennedy, & Associates, 2001; Schermerhorn & Bond, 1991; Yukl et al., in press). By systematically varying conditions in the scenarios, researchers can also study the effects of moderator variables such as agent power, type of relationship, or type of influence objective (Yukl, Guinan, & Sottolano, 1995). The primary limitation of scenarios is that they measure only perceptions or stated intentions rather than actual behavior, and responses may be biased by social desirability. More research is needed to determine the extent to which ratings of effectiveness reflect the actual influence behavior of respondents in situations like those depicted in the scenarios.

Summary

The limitations of each type of research method make it desirable to use multiple methods to study influence behavior. Unfortunately, there has been too much reliance on survey field studies in the research on influence tactics. Researchers seldom make an attempt to determine if similar results can be obtained with another research method that does not have the same limitations.

EXAMPLES OF KEY STUDIES

In this section, three studies are described in more detail to provide a better understanding of the way different research methods have been used to study tactic effectiveness. The third study is described in more detail because it was not previously published.

A Survey Field Study

A survey field study was conducted by Yukl and Tracey (1992) to investigate how managers' use of proactive tactics to influence subordinates and peers was related to managerial effectiveness. The sample included managers and their subordinates, peers, and bosses in five large organizations. The focal managers were participants in a multisource feedback workshop conducted by a consulting company. Subordinates and peers rated a manager's use of nine influence tactics, and managerial effectiveness was rated by the manager's boss.

The proactive influence tactics were measured by an early target version of the IBQ. Each tactic scale had from three to six items, and the order of the items in the questionnaire was random. Each item had five anchored response choices indicating frequency of use. The boss of each manager was asked to rate the overall effectiveness of the manager in carrying out his or her job responsibilities. The scale for rating manager performance had nine anchored choices, ranging from "the least effective manager I have known" to "the most effective manager I have known."

The relation of tactics to managerial effectiveness was determined by a group-level analysis. The mean score on each influence tactic was computed for the subordinate raters, and this process was repeated for the peer raters. Each set of tactic scores was then correlated with the effectiveness ratings provided by the manager's boss. The correlations are shown in Table 5.2. For both subordinate and peers, effectiveness was correlated significantly with a manager's use of rational persuasion, consultation, and inspirational appeals. There was a significant negative correlation between managerial effectiveness and use of pressure toward subordinates, but the correlation was not significant for peers. None of the remaining tactics were correlated significantly with managerial effectiveness.

Table 5.2. Correlation of Proactive Tactics With Influence Effectiveness in the Survey Study and the Incident Study

Influence	*Effectiveness Ratings by Boss*		*Commitment in Incidents*	
Tactic	*Subord. IBQ*	*Peer IBQ*	*Target*	*Agent*
Rational persuasion	.39**	.33**	.20**	.13**
Consultation	.26**	.24**	.24**	.17**
Inspirational appeals	.20*	.19*	.29**	.20**
Ingratiation	–.01	.08	.06	.20**
Personal Appeal	.03	.01	–.02	–.02
Exchange	.10	.07	.03	–.02
Legitimating	–.08	–.01	–.10	–.05
Pressure	–.20*	–.08	–.31**	–.30**
Coalition	.04	.03	–.12**	–.04

* $p < .05$; ** $p < .01$

At the individual level of analysis, correlations were computed between the manager's use of each tactic and the level of commitment for each target person. Most of the results for this criterion were consistent with the results for managerial effectiveness (see Yukl & Tracey, 1992). The findings indicate that when attempting to influence people to carry out nonroutine requests, the most effective tactics are rational persuasion, consultation, and inspirational appeals, and the least effective tactics are pressure, legitimating, and coalitions.

A Study with Agent and Target Incidents

Yukl and colleagues (1996) conducted an incident study to assess the relative effectiveness of the nine influence tactics identified in earlier research. The sample included 195 MBA students at a large state university who worked in full-time jobs during the day in a variety of private companies and public agencies. The respondents were encouraged to describe recent influence attempts that involved important issues or substantive requests for assistance. One subsample provided incidents described from the perspective of the target person, and the second subsample provided incidents described from the perspective of the agent. Definitions of resistance, compliance, and commitment were provided to respondents, and they were asked to provide incidents in sets of three (one for each outcome).

The respondents were asked to describe in detail the purpose of the influence attempt, what was said or done by the agent to influence the target, and how the target reacted to the request. Respondents were instructed to provide quotes or examples of what the agent said, and they were assured the details would remain confidential. The agent's influence behavior was coded independently by two researchers into the tactic categories, and each tactic was coded as present or absent in an incident. When rational persuasion was present, it was coded as either strong or weak. A strong form of rational persuasion involves a detailed proposal or elaborate documentation, whereas a weak form of rational persuasion involves only a brief explanation of reasons for a request, or an assertion without supporting evidence. The maximum number of different tactics allowed for an incident was four. If an incident involved more tactics (few did), coders selected the four that appeared most salient.

There was considerable agreement among coders, and the same tactic codes were assigned in 82% of the incidents. If there was a disagreement, the coders met to resolve it. The coders also checked the respondent's classification of the outcome and direction of influence to verify consistency with the evidence provided in the incident. As in the study by Falbe and Yukl (1992), outcomes were quantified according to an underlying scale of increasing success (1 = resistance, 2 = compliance, 3 = commitment). The data analysis was based on the coding results after agreement was reached. The total number of usable incidents included 474 target incidents and 365 agent incidents.

Table 5.2 shows the zero-order correlations between each type of tactic and the influence outcome. For both sets of incidents, outcome success was positively related to the use of inspirational appeals, consultation, and strong rational persuasion, and it was negatively related to the use of pressure tactics. Ingratiation was related to outcome success for the agent incidents but not for the target incidents. Coalition tactics were related to outcome success for agent incidents but not for target incidents.

The finding that strong (but not weak) rational persuasion was positively related to target commitment appears to explain the discrepancy in results for the survey study by Yukl and Tracey (1992) and the incident study by Falbe and Yukl (1992). The questionnaire used by Yukl and Tracey described strong forms of rational persuasion, and this tactic was correlated significantly with target commitment. In the study by Falbe and Yukl, the positive effects of strong rational persuasion on target commitment were obscured, because these incidents were not analyzed separately from incidents involving only weak forms of rational persuasion.

An Experimental Study

The primary objective of this study was to verify that collaboration usually has a different outcome than exchange. An experiment was conducted in a classroom setting, and agent use of collaboration and exchange was manipulated in a role-play exercise involving a lateral influence attempt.

Method

The experiment was conducted at two universities with 212 graduate and undergraduate management students who were attending management classes. Nearly 70% of the sample consisted of graduate students in an evening MBA program who had regular day jobs. The participants were randomly assigned to the three conditions in a way that would provide an equal number of dyads in each condition.

The role-play exercise involved a sales manager and a production manager who are at the same level of authority in a small manufacturing company that makes electronic controls. The sales manager (agent) wants to influence the production manager to change the production schedule for the coming week to expedite production of a special order for a new client. In the high collaboration condition, agents were advised to propose ways to make the change easier and less costly for the production manager (e.g., offer to help with the extra work necessary to change the production schedule, offer to help to cover the expense of making the change). In the high exchange condition agents were advised to offer an exchange of favors (e.g., lobby with top management to get some new machines the production manager wants, provide some training that is unrelated to the requested change). In the control group the agents were instructed to request a change in the production schedule in order to satisfy the new client, but there were no instructions about using any specific influence tactics.

The role for the production manager (the target person) was the same in all conditions. The production manager is described as reluctant to change the schedule because the profit on special orders is small, and there may be adverse consequences. The requested change would require more work for the production manager, and it would increase production costs, which could reduce the manager's quarterly bonus. The rush order cannot be produced without special materials that must be obtained quickly from an outside source. The production manager is the only person who knows where to get them in time and can use "lack of materials" as an excuse for not changing the production schedule.

After the role play was completed, the agents and targets rated agent behavior on parallel versions of a questionnaire with scales for several influence tactics. Each tactic item had four anchored response choices (1 = did not use this tactic, 4 = used this tactic to a great extent). The scale for measuring target commitment included three items with five-point anchored response choices. One item asked how committed the production manager was to the requested change (e.g., enthusiastic about it, willing to make an extra effort and do whatever is necessary to make it successful), and the response choices ranged from "not at all" to "completely." The second item used a Likert format and asked respondents to indicate agreement with the statement, "At the end the production manager is completely committed to implement the requested change." Response choices ranged from "strongly agree" to "strongly disagree." The third item asked the respondent to indicate the production manager's reaction to the request in terms of specific, qualitatively different outcomes. The mean score on the three items was used as an index of overall commitment, whereas only the third item was used to classify the outcome in terms of commitment, compliance, or resistance.

Results

Internal consistency reliability was acceptable for the multi-item scales used for key variables (alpha > .70). There was also strong agreement between agents and targets in their ratings of the agent's use of exchange (r = .92), collaboration (r = .95), rational persuasion (r = .76), and overall commitment (r = .92). Since qualitative outcomes were measured by a single item, reliability was evaluated by assessing interrater agreement with the contingency coefficient, which is a nonparametric equivalent of the correlation coefficient (Siegel, 1956). Agents and targets had high agreement in their classification of the outcome ($C = .78$, $df = 4$, $p < .001$).

The experimental manipulations were evaluated with an analysis of variance for agent and target ratings of the agent's influence behavior. Table 5.3 shows the means, standard deviations, and results of the F-tests and pairwise comparisons. Targets reported that agents used significantly more collaboration in the high collaboration condition and significantly more exchange in the high exchange condition. The large effect sizes (indicated by eta squared) provide additional evidence for the success of the experimental manipulations. There were no significant crossover effects, and the manipulations did not affect agent use of other tactics such as rational persuasion, pressure, or ingratiation (not shown in table).

Table 5.3. Means, Standard Deviations, and Analysis of Variance for Targets

		Experimental Condition				
Questionnaire Scale		*Control*	*EXC*	*CLB*	*F (2, 103)*	*Eta*^{2}
Collaboration	Mean	1.31_b	1.50_b	3.64_a	245.8**	.83
	SD	0.47	0.51	0.48		
Exchange	Mean	1.29_b	2.91_a	1.57_b	67.3**	.63
	SD	0.44	0.67	0.51		
Commitment	Mean	2.21_c	3.41_b	4.21_a	88.2**	.51
	SD	0.81	0.75	0.75		
Number of Dyads		35	36	35		

Note: Different subscripts indicate significant pairwise differences in row means ($p < .01$).
** $p < .01$ for F

An analysis of variance was used to assess the effect of the tactic conditions on target commitment. The primary dependent variable was target self-ratings of commitment, because agents are less likely to know how the target really feels about the request. The means and standard deviations for target commitment and the results for the F-tests and pairwise comparisons are shown in Table 5.3. The results showed that agent use of collaboration resulted in more target commitment than did agent use of exchange.

To evaluate qualitative outcomes for exchange and collaboration, we used a nonparametric analysis of the outcome distribution for each tactic condition (see Table 5.4). The Pearson Chi square test for differences in the overall outcome distribution was significant (Chi square = 82.8, df = 4, p < .001), as was the difference in outcomes for collaboration and exchange (Chi square = 22.5, df = 2, p < .001). As predicted, collaboration was most likely to result in commitment, and exchange was most likely to result in compliance. In the control condition, agents typically used a weak form of rational persuasion and the modal outcome was resistance. It is important to note that, in comparison to the control condition, exchange significantly increased target compliance (Chi square = 35.3, df = 2, p < .001). Thus, although less effective than collaboration, exchange still had a positive effect on the influence outcome.

Table 5.4. Influence Outcomes for Different Tactic Conditions

Influence Tactic	*N*	*Resistance*		*Compliance*		*Commitment*	
Collaboration	35	5	(14%)	10	(29%)	20	(57%)
Exchange	36	8	(22%)	26	(72%)	2	(6%)
Control Group	35	32	(91%)	2	(6%)	1	(3%)
Total	106	45		28		23	

Discussion

This study demonstrated that collaboration can be manipulated independently of exchange, and that it is more effective than exchange when used in lateral influence attempts. The results are consistent with findings for these two tactics in survey research with the IBQ (Yukl & Seifert, 2002). There are several possible explanations why collaboration tends to be more effective than exchange.

One explanation involves the distinction between intrinsic and extrinsic motivation. Exchange involves the use of contingent rewards and incentives, which emphasize extrinsic motivation and are more likely to result in compliance than in commitment. In contrast, collaboration may increase intrinsic motivation by keeping the target person focused on shared task objectives rather than on tangible benefits.

Another explanation is suggested by Lewin's (1951) force field theory. According to this theory, when resistance to change is initially strong, it is easier to influence change by reducing the reasons for resistance than by increasing incentives for compliance. The latter approach creates more internal conflict and stress for the target person, which makes it difficult to focus on the task and may inhibit commitment. Thus, when the cost of compliance is high, it may be more effective for the agent to reduce target costs with collaboration than to increase target benefits with exchange.

A third explanation involves the possible effects of the tactics on the target's perception of the agent. Collaboration may be viewed as a form of supportive behavior, whereas exchange may be viewed as an impersonal attempt to induce compliance. If collaboration increases target trust and liking for the agent, it may also increase target commitment to the agent's request.

It was beyond the scope of this exploratory study to systematically evaluate different reasons for the effectiveness of collaboration, and this question will have to be resolved in future research. Such research should investigate mediating processes that can help to explain the relative effectiveness of collaboration and exchange. Relevant mediating processes include the target person's perceptions of the agent, perceived benefits and costs of compliance, and influence processes such as instrumental compliance, internalization, and personal identification.

The findings in this study do not imply that collaboration is always more effective than exchange, and future research should examine potential moderator variables and limiting conditions. The effectiveness of collaboration may depend in part on the type of relationship between the agent and target (e.g., continuing vs. temporary, friendship vs. impersonal, peers vs. boss–subordinate). Other potential moderator variables include the objective of the request, and the target person's perception that the request is important and ethical. Making it easier to do something that is irrelevant or unethical is not likely to result in target commitment.

HIGHER-ORDER CONSTRUCTS

Many studies on influence behavior involve the use of higher-order constructs such as tactic metacategories and influencer types. These constructs create problems of interpretation and obscure important differences among the specific proactive tactics.

Tactic Metacategories

Many studies on influence tactics group them into two or three broader metacategories that are subsequently used for analyses related to the research objectives (e.g., Deluga, 1991; Falbe & Yukl, 1992; Tepper et al., 1998; Van Knippenberg, Van Knippenberg, Blaauw, & Vermunt, 1999). The most common metacategories are "hard" versus "soft" tactics. Hard tactics usually include pressure, legitimating, coalitions, and upward appeals. Soft tactics usually include ingratiation, personal appeals, consultation, and inspirational appeals. Sometimes rational persuasion is treated as a separate metacategory, and at other times it is classified as a soft tactic. Exchange has not been classified consistently from study to study; it has been classified as a hard tactic, a soft tactic, and a rational tactic.

In most studies the metacategories are based on the judgment of the researchers (or on prior precedent), but factor analysis of tactic scales has also been used to identify metacategories. Farmer, Maslyn, Fedor, and Goodman (1997) used confirmatory factor analysis to test competing models for tactic metacategories. Unfortunately, the study has serious limitations, because it included only the six tactics in the revised agent POIS, and only when these tactics were used for upward influence attempts. It is seldom beneficial to derive metacategories for such a small number of specific tactics, and the metacategories have little value unless they are clearly relevant for influence attempts in other contexts (e.g., with subordinates and peers).

Most researchers who use the hard versus soft metacategories do not provide a clear and adequate rationale for them. Each metacategory should be firmly grounded in a theoretical framework involving different influence processes or mediated effects. There are several potential explanations for the hard versus soft distinction (e.g., soft tactics involve intrinsic motivation and hard tactics involve extrinsic motivation; soft tactics increase target empowerment and hard tactics reduce it). However, to date there has been only a limited effort to verify any of these explanations (e.g., Van Knippenberg et al, 1999).

When metacategories are used in research on the determinants or consequences of influence behavior, researchers should demonstrate that these metacategories explain unique variance not already accounted for by the specific tactics. There is little point in using the metacategories unless they can provide stronger results and a better explanation for them. Unfortunately, most studies that use metacategories do not assess the incremental benefits.

It is also essential for researchers to verify that the use of metacategories does not obscure relationships that differ for the component tactics. Most studies that use metacategories do not check on this possibility or report separate results for the component tactics. If Yukl and Tracey (1992) had used only metacategories, they would not have discovered that soft tactics such as consultation and inspirational appeals are more likely to result in commitment than soft tactics such as personal appeals and ingratiation. Likewise, if Fu and Yukl (2000) had used only the hard versus soft tactic metacategories, some important cross-cultural differences for tactics within the same metacategory would not have been found.

Tactic metacategories should be conceptually grounded and their construct validity predetermined before they are used in research on the predictors or consequences of influence behavior. When researchers use metacategories in a study, it is essential to demonstrate their relevance and unique contribution.

Influencer Types

Some researchers have advocated that people can be classified into different influencer types on the basis of their typical pattern of influence behavior (Farmer & Maslyn, 1999; Kipnis & Schmidt, 1988; Perreault & Miles, 1978). In the study by Kipnis and Schmidt, data from agent self-reports of tactic use were subjected to a cluster analysis. The four influencer types that emerged from the analysis were labeled shotgun, bystander, tactician, and ingratiator. The study by Farmer and Maslyn (1999) was a partial replication of the earlier study.

The idea that there are influencer types is worth exploring, but unfortunately the research to date is seriously flawed. The typology should be based on traits, values, or motives that can explain tactic preferences. It is essential to verify that the influencer types are clear and meaningful, that they can accurately classify most people, that they are related to the agent attributes assumed to determine them, and that they account for unique variance in the criterion beyond what could be explained by using individual tactics as predictors. Unfortunately, the studies conducted on influencer types did not adequately evaluate their construct validity and incremental utility.

The researchers also failed to acknowledge the limitations of cluster analysis. No effort was made to rule out the possibility that the clusters merely reflect different response biases. For example, shotgun managers had high scores on all tactics, whereas bystanders had low scores on all tactics. The shotgun profile may be an artifact of a bias to use high scores, whereas the bystander profile may reflect a bias to use low scores. The credibility of this alternate interpretation is supported by a consistent pattern of scores for these two influencer types on other self-report measures used in the two studies.

The tacticians had a higher score for self-rated rationality than for the other tactics, and they had the highest performance evaluations and salaries. However, it is not clear what the tactician profile really means. It may reflect greater use of rational persuasion by these managers, or it may simply reflect an awareness that rational persuasion is the most common influence tactic in upward influence attempts. High self-awareness and more use of rational persuasion are both predictors of managerial effectiveness. To accurately test these rival explanations would require research with a greater variety of influence tactics and more accurate measures of influence behavior (e.g., target ratings, diaries, direct observation).

The ingratiator profile is the most difficult one to interpret, and Farmer and Maslyn (1999) found that it was not stable. Here again, to explore the meaning of this profile would require a study that includes more diverse and accurate measures of influence behavior.

SUMMARY OF FINDINGS ON TACTIC EFFECTIVENESS

Much of the research on tactic effectiveness has involved the use of weak methods, and there has been little consistency in the selection of tactics across studies. Despite all the limitations, however, some progress has been made in assessing the effectiveness of proactive influence tactics. The key findings will be summarized separately for individual tactics and for tactic combinations.

Individual Tactics

The proactive tactics most likely to elicit target commitment include rational persuasion, consultation, collaboration, and inspirational appeals. Supporting evidence for this conclusion is provided by research using a variety of different methods, including survey studies (e.g., Yukl & Seifert, 2002; Yukl & Tracey, 1992), incident studies (e.g., Fu & Yukl, 1992; Yukl et al., 1996), experiments (e.g., Yukl et al., 1999), and scenario studies (Fu & Yukl, 2000; Fu et al., 2001; Yukl et al., in press). Ingratiation, exchange, and apprising are moderately effective, but the outcomes of these tactics depend to a great extent on how and when they are used. Personal appeals can be useful for influencing a target person with whom the agent has a friendly relationship. However, this tactic is only relevant for certain types of requests (e.g., get assistance, get a personal favor, change a scheduled meeting), and it is likely to result in target compliance rather than commitment.

Pressure and legitimating tactics are not likely to result in target commitment, but these tactics can be useful for eliciting compliance, which sometimes is all that is needed to accomplish the objective of an influence attempt. Use of pressure is risky, because it often elicits resentment. Thus, strong forms of pressure should be used only as a last resort for important requests.

Most studies indicate that coalition tactics are unlikely to result in target commitment, especially if the use of influence partners is viewed as an attempt to "gang up" on the target person. The least effective form of coalition tactic is probably an upward appeal that is used after a more direct influence attempt has failed. However, there is evidence from some studies (e.g., Falbe & Yukl, 1992; Yukl et al., in press) that coalition tactics can be effective for influencing a peer or superior to support a change or innovation, especially if the coalition partners use direct tactics that are socially acceptable, such as rational persuasion, collaboration, and inspirational appeals.

Tactic Combinations

It is often feasible for a manager to use more than one direct influence tactic at the same time or in a sequence. Only a few studies have examined the effectiveness of different tactic combinations, and the results are still very tentative (Barry & Shapiro, 1992; Case et al., 1988; Falbe & Yukl, 1992). The studies of influencer types are sometimes interpreted in terms of tactic combinations, but as noted earlier, they are probably contaminated by response biases.

An influence attempt is more likely to be successful if two or more different tactics are combined. However, the outcome will depend on which tactics are combined. The potency of the component tactics is as important as the number of tactics that are used. The effect of using multiple tactics may also depend on the extent to which they are compatible and mutually enhancing. Some tactics are more easily combined than others.

Rational persuasion is a very flexible tactic that is usually compatible with any other tactic. The effectiveness of a tactic such as consultation or apprising can be enhanced by combining it with rational persuasion. For example, rational persuasion can be used to clarify why a proposed change is important, and consultation can be used to involve the target person in finding an acceptable way to implement the change.

Combinations of "soft" tactics such as consultation, ingratiation, and inspirational appeals, and collaboration are usually more effective than use of one soft tactic alone. For example, it is especially useful to combine consultation and collaboration. Consultation will elicit target person concerns, and collaboration can be used to help alleviate them.

Some tactics are unlikely to be compatible. For example, a hard form of pressure is incompatible with personal appeals or ingratiation, because it undermines the feelings of friendship and loyalty that are the basis for these soft tactics. A hard form of pressure also tends to undermine the trust necessary for the effectiveness of tactics such as consultation and collaboration. However, when the target person does not share the agent's task objectives, some pressure may be necessary to motivate target willingness to find a mutually acceptable agreement (Van de Vliert, Nauta, Giebels, & Janssen, 1999).

CONCLUSIONS

The relative effectiveness of different proactive tactics has been investigated with a variety of research methods. Each method has limitations, but collectively they provide fairly consistent evidence that some tactics are more effective than others. However, the best tactics do not always result in target commitment and the worst tactics do not always result in resistance. The outcome of an influence attempt depends on other factors in addition to the proactive tactics used by the agent (e.g., the power and authority of the agent, the type of influence objective, the perceived importance of the request, the relationship between agent and target, cultural values and norms about the use of the tactics). Any tactic can result in resistance if it is not used in a skillful manner, or if it is used for a request that is improper or unethical. More research is needed on the contextual factors that can enhance or limit the effectiveness of influence tactics.

It is evident that combining different tactics is beneficial in some cases but not others. As yet there are few guidelines on what tactics can be combined successfully for what types of requests. Knowing how to successfully combine different forms of influence requires considerable insight and skill on the part of a leader. More research is needed on the way leaders weave together different tactics into effective strategies for influencing people.

Several other questions are especially deserving of more attention in future research. We need to learn more about the mediating processes that explain why an influence tactic or tactic combination is effective or ineffective. We need to learn more about the contextual factors that determine which tactics are most appropriate and effective at a particular time. Finally, we need to learn more about other outcomes of influence attempts, such as the effects on target perceptions, trust, and the agent–target relationship. We have made significant progress, but much more remains to be done. The rate of progress will be greater if researchers identify important research questions and select strong, relevant research methods.

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CHAPTER 6

LEADERSHIP IN THE CONTEXT OF PSYCHOLOGICAL CONTRACT BREACH

The Role of Mentoring

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ABSTRACT

When organizations go through times of change, the career progress of some individuals may be negatively affected. Given such changes in careers, leaders serving in mentoring roles must now assume a new role as interpreters of the new psychological contracts for employees. The leadership literature has yet to address the role that developmental relationships may play in moderating the effects of violations of the psychological contract on employee attitudes and behaviors. Supervisors who are mentors provide on-the-job coaching needed to update employees' skills to meet changing job requirements. They

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also provide social support during times of organizational stress. As role models, supervisory mentors enable junior employees to better adjust to new roles and new psychological contracts. Perceptions of organizational justice and trust are also expected to play moderating roles in the relationship between psychological contract violations and outcomes. Implications for research on leadership and the changing nature of supervisory mentoring practices are discussed.

INTRODUCTION

Employee–employer relationships may be conceptualized as a social exchange process (Irving & Gellatly, 2002). These exchanges involve trust between the employee and the employer. Yet, the nature of these exchanges continues to evolve as organizations continue to reconfigure to remain competitive through structural change. Sullivan (1999) notes that shifts in employment patterns have mirrored changes in organizational structures that often followed downsizing and reorganizations that occurred over the past two decades. Social exchanges are also reflected in psychological contracts. Blau (1964) described social exchanges as entailing unspecified obligations. The changes that occur during reorganization, including downsizing and delayering organizational structures, might result in psychological contract violations since these changes alter the basis of the exchange between employee and employer. Since unfulfilled obligations have the potential to damage the employees' trust in the organization, the ability of managers to moderate employees' reactions to the change will be critical. An employee's informal understanding of what the organization stands for and promises to deliver has been referred to as the "psychological contract" (Rousseau, 1995). The psychological contract involves both written and unwritten expectations regarding the nature of the social exchange between employer and employee. These informal expectations are the basis of organizational commitment and are essential to the retention of valued employees.

Psychological contracts are "individual beliefs, shaped by the organization, regarding terms of an exchange agreement between individuals and their organization" (Rousseau, 1995, p. 9). Contract violations occur when employers are believed to have reneged on a promise (Niehoff & Paul, 2001). Violations may also occur when there is incongruence in the expectations of the employer and employee. Such differences in understanding, or the gap in employer–employee expectations, may result from differences in perceptions (Morrison & Robinson, 1997). With increasing rates of organizational change and the resulting movement of individuals both within and between organizations, there may be increased levels of incongruence in the expectations held between individuals and their organizations (Rousseau, 1989). In previous years, the psychological contract was based on job security in exchange for organizational commitment (Rousseau & Wade-Benzoni, 1995). These expectations appear to be changing.

De Meuse, Bergmann, and Lester (2001) found that employees' perceptions of the relational psychological contract have changed over time (1950 to 2000), suggesting that the current relationships between employees and organizations are characterized by lower commitment, respect, and trust. While it appears that the decline in the relational component slowed in the 1990s, the implication is that implied contracts between employers and employees will become mainly transactional in the future. While the advent of reorganizations may not have slowed dramatically, it appears that the methods being used are more clearly punctuated with strong communication of the demands on the organization to remain competitive and overcome financial constraints. Thus, the quality of leadership and supervisor–subordinate interactions are important in creating the atmosphere needed to negotiate or renegotiate contracts. Leadership studies have examined the importance of supervisor–subordinate relationships and leader–member exchange (LMX) is viewed as a key component of relational leadership (Scandura & Schriesheim, 1994). The elements that characterize high-quality LMX, such as trust and respect, are also key elements present in mentoring relationships. As noted by Graen and Uhl-Bien (1995), high-quality LMX relationships activate transformational processes. Transformational leaders are able to motivate subordinates to exert extra effort through the support, stimulation, and coaching provided (Bass, 1985, 1990). Mentoring relationships are also characterized by such interaction and thus, supervisory mentoring (protégés receive mentoring from supervisors in the form of vocational support, psychosocial support, and role modeling) may be conceptualized as a highly developed form of relational leadership that encompasses many elements of relational interaction described in contemporary leadership approaches.

The purpose of this chapter is to examine how effective leadership might be maintained given the shifts in psychological contracts. In this context, positive work attitudes may be influenced by supervisory mentoring, the development of trust, and the management of perceptions of procedural justice. With organizational change and the concomitant changes in psychological contracts, employees now experience different career paths than in the past. For example, careers might involve more interorganizational than intraorganizational moves. It may be more difficult to develop and maintain beneficial long-term work relationships with such movement. Yet these changes also increase the need for training and development on the job. Supervisory mentoring relationships that promote procedural fairness may offer stability in the midst of changing psychological contracts. Trust is also an essential social exchange process that is a component of effective mentoring relationships.

As the unwritten commitments made between workers and their employers change, retaining employees may depend on the quality of the relationship between the employee and the employer (Rousseau, 1989, 1996). In relationships characterized by high quality leader–member exchange interaction is likely to be based on the similarity of values held by each party (Liden, Wayne, & Stilwell, 1993). Trust evolves based on previous knowledge of one another and characterizes a high-quality relationship (Graen & Uhl-Bien, 1995). In high-quality LMX relationships, the leader coaches and models appropriate behaviors in order to help the subordinates solve problems at work. Similarly, mentoring relationships are grounded in trusting relationships in which there are frequent interactions and psychological intimacy (Kram, 1985). With respect to transformational leadership, the subordinate has the potential to advance his/her career and this may enhance identification with the leader. Individualized consideration is also a key part of mentoring, since supervisors provide attention relevant to subordinates' unique developmental needs (Hunt & Michael, 1983). Mentors also provide learning opportunities for protégés (Lankau & Scandura, 2002) and through inspirational motivation may increase protégés' loyalty, reported as a benefit of mentoring (Ragins & Scandura, 1994). Thus, mentoring relationships, like transformational leadership, are two-way influence processes since mentors and protégés learn from one another (Kram & Hall, 1995a). The role-modeling aspect of idealized influence in the transformational leadership model is also documented in the mentoring literature (Scandura & Schriesheim, 1994).

The ability of managers to develop competencies in followers that make his/her skills marketable is becoming more important. Knowledge, skills, and abilities (KSAs) may thus be seen as commodities in the employment contract; the development of such KSAs often takes place in the context of mentoring relationships. Mentorship has been conceptualized as a vehicle for upward mobility and as a tool for training and development in organizations (Hunt & Michael, 1983; Levinson, Darrow, Klein, Levinson, & McKee, 1978). The emotional connection that develops between mentor and protégé is based on trust and the supportive actions of the mentor (Zey, 1988). In this relational context, a supervisor who acts as a mentor has the opportunity to interpret an employee's psychological contract (or expectations) and redefine them. Supervisory mentors help interpret events taking place within the organization and assure the junior person that his/her situation is secure. The intervention of a mentor in situations that have the potential to be interpreted as negative can also promote perceptions of fairness in the way that change is effected and build trust.

Social exchanges may involve extrinsic benefits (e.g., information) or intrinsic benefits (e.g., social support). Successful social exchanges may influence trust. Whitener, Brodt, Korsgaard, and Werner (1998) suggest that antecedents to trust include communicating openly and demonstrating concern. These are elements present in mentoring relationships and in strong organizational cultures. Deutsch (1973) has defined trust as the confidence that another will deliver what is desired rather than what is feared. Rotter (1980) defined trust as an expectation held by one that the promise of another is reliable. When there is an effective mentoring relationship (characterized by successful social exchanges), characterized by high levels of career support, psychosocial support, and role modeling, then trust also becomes an embedded characteristic. This trusting relationship is important within organizations to help diminish the extent to which organizational actions are perceived in a negative manner and moderate the impact that any negative perceptions might have on outcomes.

A recent study by Simon (2002) investigated mentoring functions and the development of protégés' psychological contracts. Social exchange theory was employed to examine the way that protégés develop expectations regarding what the organization should provide. Both economic and social exchanges were examined as precursors to perceptions of organizational justice (distributive and procedural). The psychological contract was viewed in terms of instrumental behavior and relational behavior. Simon's results indicate that the relationship between mentoring and the psychological contract was mediated by perceptions of organizational justice. These findings clearly point to the importance of mentoring in the psychological contract, and the role that perceptions of fairness play in this process.

We chose to integrate leadership in the form of supervisory mentoring with the study of psychological contracts for the following reasons. The literature suggests that the psychological contract as an efficient way of representing the employment relationship (Shore & Tetrick 1994). Recent alterations in psychological contracts have created a need for improved relationships and one-on-one coaching to help junior managers cope with change. The mentoring literature addresses the issue of intensive employee development and many aspects of mentorship are related to the psychological contract, as noted by Simon (2002). These include coaching, training, work performance, interpersonal relations, and leading teams (Goddard, 1984). Levinson and colleagues (1978) described the mentor's function as that of guide, counselor, and sponsor. Supervisors expose protégés to new projects and help them realize their goals and aspirations. Protégés often benefit from such experiential learning. Research represents mentorship as a vehicle for upward professional mobility and as an important tool for training and development in organizations (Jennings, 1971; Levinson et al., 1978; Roche, 1979). Mentors help clarify expectations to ensure positive responses from the protégé. The relationship with a supervisory mentor might affect the way psychological contracts are interpreted since protégés may perceive justice or injustice based upon the mentor's perspective on organizational events (Scandura, 1997). Trust is also inherent in a strong relationship between the mentor and protégé. Supervisory mentoring may thus increase the degree of trust the employee has in the organization.

With the increasing need for employers to adjust employment contracts given changing organizational needs there is the increased likelihood of misunderstandings between employer and employee of the psychological contract (Robinson, 1996). Morrison and Robinson (1997) suggest that since psychological contract breach is a subjective experience based on employees' perceptions of organizational or managerial actions, the extent to which expectations are unmet may be affected by the social and psychological factors specific to the employment relationship when a perceived breach occurs. Thus, trust can influence whether or not a breach is perceived and the interpretation or reaction to such a breach. Braun (1997) refers to violations of trust by organizations as infidelity. This strong description is employed because the nature of the psychological contract is such that informal expectations are entrenched in trust-based relationships with organizations. When a psychological contract breach is perceived, it has far-reaching implications since it ultimately creates shifts in work attitudes as well as in the level of trust held in organizational communications and actions. The violation of trust is not easily reversed or rectified even if new expectations are negotiated and fulfilled.

Van Buren (2000) notes that companies might attempt to make a change such as downsizing more legitimate from a procedural justice perspective by framing it as a move to ensure corporate competitiveness or organizational survival. Since downsizing is not highly regulated, employees who remain might view these events as unfair. The supervisory mentor may be in a unique position to influence the level of procedural justice perceived in actions taken (Scandura, 1997). Hierarchical work relationships may be affected by perceptions of justice. Niehoff and Paul (2001) suggest that restructuring, downsizing, and layoffs diminish trust in the organization. Each psychological contract is unique and thus it may not always be apparent when a perceived violation has occurred. The strength of work relationships between supervisory mentors and protégés might be the only gauge of how employees are responding to change. This is because the relationship becomes a means for managing employee perceptions. Since mentoring involves aspects of vocational support, friendship through psychosocial support, and role modeling, it may be influential in effecting changes in attitudes and perceptions. When contract violations are perceived, a strong mentoring relationship, accompanied by trust in the organization or mentor, as well as perceptions of organizational justice may moderate the impact on work attitudes and outcomes (see Figure 6.1).

Employee Work Attitudes and Behavior: Outcomes of Psychological Contract Breach

Mentoring relationships, trust, and procedural justice have all been shown to be related to employee attitudes and behaviors that include intentions to quit, commitment, job satisfaction, career expectations, organizational citizenship behavior, and performance (Douglas & Schoorman, 1988; Greenberg, 1995; Robinson, 1996). Personal outcomes that are negatively affected by a psychological contract breach include job satisfaction, career expectations, and performance. Job satisfaction is a work attitude that reflects employee satisfaction at work and includes satisfaction with working conditions, the ability to utilize skills, and work relationships (Weiss, Dawis, England, & Lofquist, 1967). Career expectations reflect the perception that an employee has mobility within an organization and will be able to advance in his/her career (Scandura & Schriesheim, 1991). Individual performance includes the extent to which an employee is productive in terms of the quantity and quality of work, anticipates problems, and copes with change.

Outcomes that impact the organization include commitment, organizational citizenship behaviors, and turnover. Commitment involves the employee in a high level of identification with the organization's values and suggests the willingness to exert effort on behalf of the organization as well as a strong desire to remain with the organization (Morrow, 1983). Organizational citizenship behaviors (OCBs) are behaviors that exceed expectations based on the formal employee contract (Bateman & Organ, 1983). They are discretionary and not related to the formal reward system of the organization. They are important to promote the effective functioning of the organization since they include the components of conscientiousness, sportsmanship, civic virtue, courtesy, and altruism (Organ, 1988). Turnover reflects the absence of loyalty to the organization as employees voluntarily depart from the organization.

The Psychological Contract and Perceptions of Mentorship

As noted by Ten Brink, Den Hartog, Koopman, and Van Muijen (2002), "promises" are a central issue in the perceptions of psychological contract fulfillment. These promises are made by persons in the organization to one

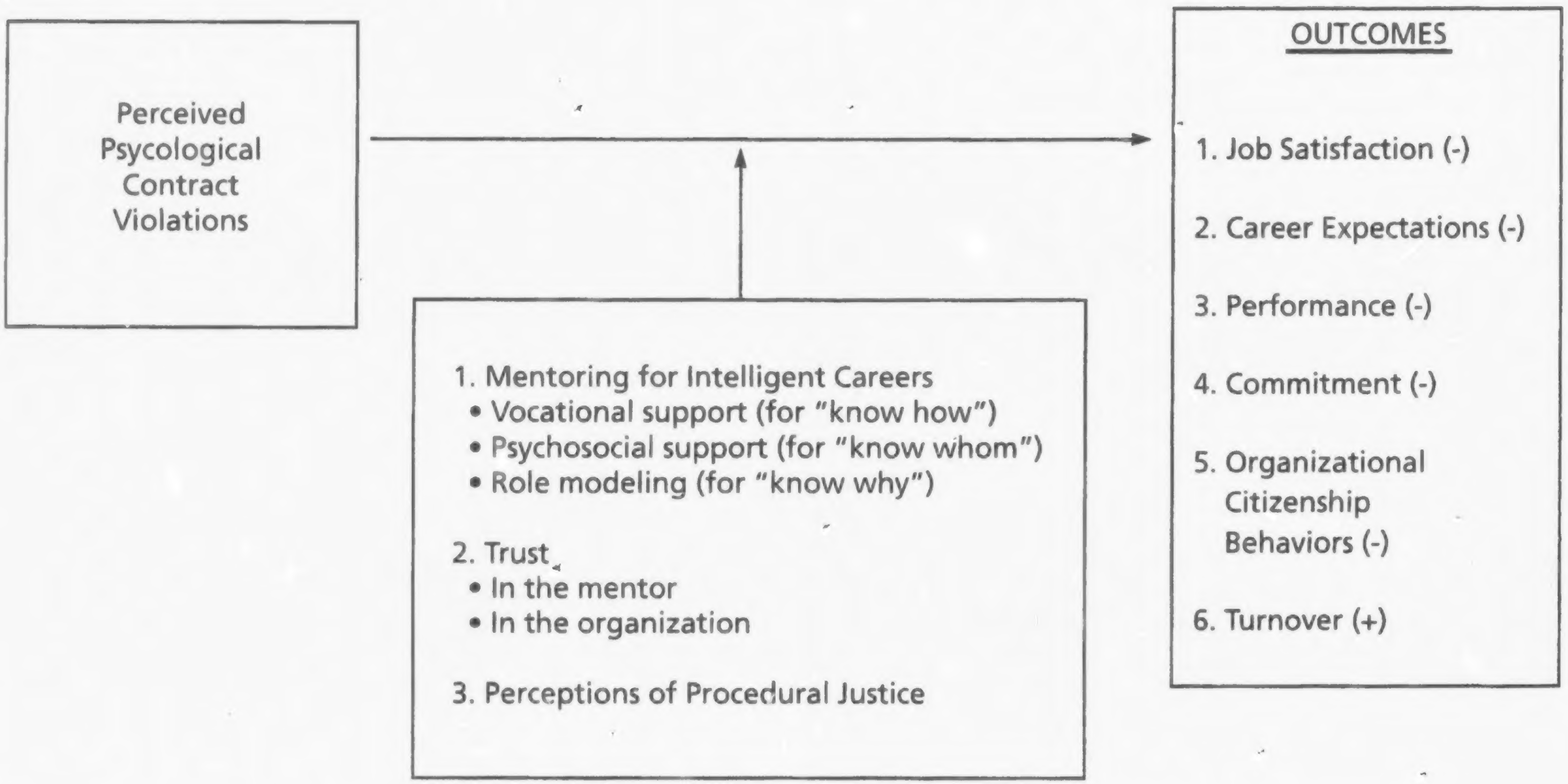
Perceived
Psycological
Contract
Violations
1. Mentoring for Intelligent Careers
• Vocational support (for "know how")
• Psychosocial support (for "know whom")
• Role modeling (for "know why")
2. Trust
• In the mentor
• In the organization
3. Perceptions of Procedural Justice
OUTCOMES
1. Job Satisfaction (-)
2. Career Expectations (-)
3. Performance (-)
4. Commitment (-)
5. Organizational
Citizenship
Behaviors (-)
6. Turnover (+)

Figure 6.1. Psychological contract violation and its outcome: supervisory mentoring, justice, and trust as moderators.

another and thus involve relationships. The relational component of the psychological contract emphasizes a socioeconomic relationship between two parties (employee and supervisor) that may revolve around trust, respect, and loyalty, which develop as the relationship matures (De Meuse et al., 2001). The relationship that an employee shares with a supervisory mentor can motivate him or her to remain with the organization (Lankau & Scandura, 2002). The development of a strong psychological contract can be critical for the retention of valued employees. However, with effective mentoring, the development of core competencies and skills make the protégé more externally marketable. Beyond coaching, the mentoring functions of role modeling and social support are also important to retention.

The mentor may be perceived as a role model and employees may more easily identify with him or her, which encourages the development of trust. This may motivate employees to higher levels of productivity, and lower turnover. The mentor's provision of social support helps employees cope better with rapid organizational change. Mentoring relationships may also promote organizational commitment (Kram & Hall, 1995a). The vocational support, psychosocial support (friendship), and role modeling that mentors provide may translate into career mobility for protégés. Mentoring may help employees develop competencies that allow them to survive reorganizations. The importance placed on the mentoring relationship is largely explained by the research findings that show mentoring to be associated with positive work outcomes, including lower work stress (Kram & Hall, 1995a), lower turnover intentions (Lankau & Scandura, 2002), and higher career expectations (Scandura, 1997).

Mentors as Guides in the Navigation of New Career Systems

Kanter (1977) described the typical organization that would use mentorship as a hands-on training technique: one that offers opportunities for upward movement, is innovative, and supports the idea of a diverse staff. In hierarchical organizational structures, mentoring may be important for individuals to gain visibility and have access to promotions (Kram, 1980). Wilson and Elman (1990) noted that mentoring might contribute to employee motivation, job performance, and retention rates. Therefore, supervisory mentoring is useful when the organization is undergoing a change in culture. The effect that mentoring has on social learning (Bandura, 1986) provides benefits to protégés. Social learning theory suggests that protégés acquire important skills by observing effective managers (or in this case mentors). Mentoring is likely to affect career progress through its positive effects on the learning process (Dreher & Ash, 1990). Ostroff and Kozlowski (1993) suggest that mentoring enhances learning in organizations because it serves as a means for socializing employees to new modes of operating.

The possibility of psychological contract violation has created a need for new principles to guide careers given the changes taking place within organizations. Perceptions of what the employer is obligated to provide drive the psychological contract (Irving, Montes, & Bobocel, 2002). These obligations have been operationalized to include the development of externally marketable skills (Irving & Bobocel, 2001). Similarly, the career literature has focused on the development of such skills and now makes reference to the "intelligent career" (Arthur, Claman, De Fillippi, & Adams, 1995; De Janasz & Sullivan, in press). Intelligent careers are based upon a new set of principles that have evolved from alterations in psychological contracts, as employers no longer offer job security in exchange for loyalty. These new principles involve new competencies of "knowing why," "knowing how," and "knowing whom." Knowing why relates to the extent of an employee's identification with and understanding of the organizational culture and ability to adapt to the environment. Knowing how refers to skills and knowledge that help the firm gain competitive advantage. Finally, knowing whom refers to the ability of the employee to network and bring new individuals and entities into relationships with the organization. According to Arthur and colleagues (1995), employees who possess these competencies may more easily survive organizational change. Those employees that recognize the need to have an intelligent career may actively seek out mentoring relationships that can help them develop such competencies (De Janasz & Sullivan, in press).

The career development aspect of vocational support develops employee competence and promotes the "know-how" element of intelligent careers through the knowledge that is transferred as the protégé learns new ways of approaching problems. Through psychosocial support, employees develop the "know whom" since they become involved in the mentor's network. As the friendship element of psychosocial support develops and advice is received the protégé learns how to manage relationships within these networks that can lead to further mentoring (Higgins & Kram, 2001). Role modeling helps employees to identify with the organization's culture and recognize the behaviors that are valued in the organization as well as the industry, as value congruence is attained. Thus, it appears that for employees to survive changes in the traditional patterns of career progress, mentoring is essential (see Table 6.1). We therefore propose that:

> Proposition 1: Vocational support will be strongly related to the "know-how" element of intelligent careers through development inducements.

Table 6.1. Building Intelligent Careers through Supervisory Mentoring

Mentoring	*Relationship to Psychological Contract*	*Importance to Intelligent Careers*
Vocational support	The provision of "development inducements": sponsorship, protection, challenging assignments, exposure, and visibility. The goal is to establish the protégé as a successful professional and increase promotability and external marketability.	Vocational support develops employee self-efficacy and promotes the "know-how" element of intelligent careers.
Psychosocial support	The provision of encouragement, acceptance, and counseling. The goal is to contribute to the psychosocial and social development of the protégé within the organizational network. Support is provided through the renegotiation of the psychological contract.	Personal and social identification that is facilitated through psychosocial support can help employees develop the "know whom," since they receive socialization and support in their endeavors and can expand their network of relationships.
Role modeling	The provision of examples of appropriate and acceptable behaviors. The goal is to demonstrate valued organizational behaviors and increase organizational commitment.	Through internalization protégés develop the "know-why" aspect of intelligent careers, since role modeling helps employees develop a greater appreciation and understanding of the organizational culture and how to operate within it.

Proposition 2: Psychosocial support will be strongly related to the "know-whom" element of intelligent careers through networking.
Proposition 3: Role modeling will be strongly related to the "know-why" element of intelligent careers through internalizing values.

Supervisory Mentorship in the Context of Psychological Contract Breach

Psychological contract violations reduce employee contributions and retention (Robinson, 1996; Rousseau & Parks, 1993; Turnley & Feldman, 1999). They also affect employee commitment and satisfaction on the job (Kickul, 2001a; Robinson, Kraatz, & Rousseau, 1994; Robinson & Morrison, 1995). Robinson and Morrison (1995) found that violations also reduced employee citizenship behavior. Violations of the psychological contract not only affect what an employee feels the organization owes him/her but also what the employee believes is owed to the organization. Organ (1988) suggests that the best approach for supervisors to encourage citizenship behavior is to create a climate of trust. This climate can only be maintained where there are strong relationships between employees and those at higher levels in the organization.

Since perceived obligations embedded in the context of social exchange comprise the psychological contract (Robinson et al., 1994) it is important to maintain relationships within the organization that reinforce these perceptions. The responsibility for the interpretation of the psychological contract has been discussed in terms of the role of supervisors and human resource managers who define and redefine psychological contracts (Guzzo & Noonan, & Elron, 1994; Rousseau & Greller, 1994). The role of such organizational agents may be to reduce any feelings of betrayal by managing the attributions made and providing appropriate explanations. The degree of trust that exists between the protégé and the mentor may also determine whether or not explanations made are accepted and diffuse negative emotions (Rogers, 1994). Mentors have been shown to influence perceptions of the psychological contract (Simon, 2002).

Lester and Kickul (2001) suggest that an important component of the psychological contract is the perception of competent management. As the organization's agent, mentors help fulfill expectations of the psychological contract. In times of change, renegotiating psychological contracts may help maintain productivity and prevent turnover. Since these unwritten contracts can easily result in gaps in expectations between employee and employer, remedial action may be necessary before irreversible damage to the employment relationship occurs. With reorganizations, the need to learn new skills or technologies, being given greater responsibility, reduced chances for promotion, expectations of increased productivity, and the introduction of automation, which may "de-skill" jobs, leading to lower job satisfaction (Boddy, 2000). Boddy suggests, "Organizational change that is simply imposed from above, by definition involves violation of the psychological contract" (2000, p. 12). Thus, surviving the change may require renegotiation of the contract.

Building mentoring alliances with supervisors may be an essential support system that is sought out in situations of uncertainty (Kram & Hall, 1995a). The influence that a mentoring relationship has may become most visible in the renegotiation of a violated contract. As an agent for transferring knowledge and developing protégé "know how," the mentor can offer opportunities for the development of highly marketable skills so that the employee has career mobility outside the organization. A mentor is likely to know the terms necessary for a renegotiation because the nature of the relationship suggests that both parties understand the psychological contract. The close psychological connection engendered in the mentoring relationship may facilitate the protégés' acceptance of the new terms. In a similar vein, the mentor should be prepared to present fair terms to maintain productivity and commitment. For example, changes made to levels of responsibility, job definition, level of pay, working conditions, and opportunities for development may maintain the employees' long-term commitment.

Irving and Gellatly (2002) discussed the types of organizational inducements that are offered to employees in the negotiation of psychological contracts. They presented two categories of inducements: development and consistency. Consistency inducements refer to job security and wages. Development inducements include challenging work, development opportunities, increased responsibility, support, skill development, assistance in the development of externally marketable skills, support for meeting higher goals, and job assignments that enhance external marketability. Many of these development inducements are delivered through the process of mentoring. For example, mentors provide coaching for skill development and help the protégé gain assignments that make them visible in the organization (Kram, 1985). Inducements supplied through mentorship (i.e., feelings of job security and higher wages) may be a necessary condition to ensure consistent employee behavior, but they may not be sufficient to ensure high performance and organizational commitment. The mentoring process may be an important venue through which the psychological contract is developed and maintained through development inducements (acquiring new skills and abilities).

Mentoring may also play an important role in resolving incongruence when expectations of a psychological contract are not met. Having a mentoring relationship might not be able to prevent the breaking of a promise (even if the promise was implicit). However, having a supervisory mentor might prevent incongruence and help the employ understand how to utilize new skills to continue to add value to the organization (knowing how). The employees' trust in the mentor may translate into trust in the organization if the mentor intervenes when incongruence or a violation of the psychological contract occurs. The mentor may give advice and explain the organizational context to junior employees. The supervisory mentor might also help expand the protégé's career network. This "knowing-whom" aspect increases visibility and possibly the likelihood of surviving reorganizations. When incongruence is perceived, the mentor may realign expectations to diminish the reaction to the perceived violation. Behaviors modeled in this context might be invaluable to navigating changes, thus promoting "knowing why" such behaviors are important and internalizing the changing culture. Turnley and Feldman (1999) suggest that there might be different responses to psychological contract violations in different situations. A mentor should have the interest and success of the protégé in mind and may try to ensure that the potential negative impact of organizational change on the employee is kept at a minimum. Thus, mentoring has the potential to moderate the impact of psychological contract violations on outcomes such as turnover, organizational commitment, job satisfaction, career expectations, organizational citizenship behaviors (OCBs), and performance (Figure 6.1). The form of the expected moderating relationship is as follows. In the presence of high levels of mentoring functions, there will be weaker negative effects due to psychological contract violation than under low levels of mentoring functions. We therefore propose that:

> Proposition 4: Vocational support will moderate the relationship between perceived psychological contract violation and outcomes.
> Proposition 5: Psychosocial support will moderate the relationship between perceived psychological contract violation and outcomes.
> Proposition 6: Role modeling will moderate the relationship between perceived psychological contract violation and outcomes.

Psychological Contract Breach and Trust

Trust has been defined by Whitener and colleagues (1998) as having three facets; these include the expectation that another party will act benevolently, that one has no control over the actions of that party to fulfill expectations, and that one's outcomes are influenced by the actions of another. Thus, trust is the willingness to be vulnerable to another's actions based on the expectation that that person will act in a way that is beneficial to the person who trusts (Mayer, Davis, & Schoorman, 1995). Therefore, the stronger the relationship that exists between parties the more trust will be a characteristic of that relationship.

Robinson (1996) reported that initial trust at the time of hire moderated the effect of psychological contract breach on subsequent trust. This implies that if initial trust is high, then a breach will have less of an impact on the resulting level of trust than if initial trust was low. In a similar vein, it is expected that initial trust will also moderate the relationship between breach and other employee outcomes such as reported levels of performance, satisfaction, and commitment. Trust may take two forms in the context of the present theoretical framework. The employee may trust the mentor and they may trust the organization. Trust is considered to be fundamental to high-quality relationships (Blau, 1964) and interpersonal trust appears to be related to performance and citizenship behavior (McAllister, 1995).

Interpersonal trust grows as a relationship develops. As one's familiarity and interactions with another increases, so does the predictability of that person's behavior (Rotter, 1980). Even more important to the development of trust is one's dependability (Rempel, Holmes, & Zanna, 1985).

Mishra and Morrisey (1990) noted that trust is a fragile thing and can be destroyed in an instant even while growing at a slow pace. The more essential information that a mentor provides to a protégé, the greater the level of trust that might be experienced since information reduces the level of uncertainty perceived in a given situation. Where a breach of the psychological contract is perceived, the level of trust between a mentor and protégé might facilitate greater acceptance of organizational changes and serve as protection from some negative consequences where the mentor is powerful.

While individual trust refers to expectations of individual relationships and behaviors, organizational trust refers to expectations that individuals have about networks of organizational relationships and behaviors. Organizational trust thus refers to positive expectations individuals hold of the organization as an entity. These expectations are based on organizational roles and interdependencies (Shockley-Zalabak, Ellis, & Winograd, 2000). It appears that when an individual identifies with an organization's goals, values, and norms, he/she may report higher levels of trust. Perceptions that the organization values and cares for its employees enhance trust that the organization will fulfill its obligations, whether formal or informal, to the employee. Where there is a perceived breach of the psychological contract, the foundation upon which trust has been built changes. With organizational change, there is often a shift in the organizational culture as new values are promoted as well as new norms for promoting organizational effectiveness (Mayer et al., 1995).

While interpersonal and organizational trust may be highly correlated in times of stability, they may be less related in the context of psychological contract breach. For example, the employee may still trust the mentor, but not trust the organization. Thus, we propose that both of these forms of trust be examined. The level of trust that is held is likely to moderate the relationship between perceived contract violations and outcomes since employees that trust their organizations or mentors may believe that the breach was either unintended or that the organization or mentor will take actions to ensure that no harm comes to the employee. Thus, where high levels of trust exist in the presence of psychological contract violations, the impact on outcomes will be less negative than where low levels of trust are present (Figure 6.1).

> Proposition 7: Interpersonal trust will moderate the relationship between perceived psychological contract violation and outcomes.
>
> Proposition 8: Organizational trust will moderate the relationship between perceived psychological contract violation and outcomes.

Psychological Contract Breach and Procedural Justice

Thibaut and Walker (1975) introduced the concept of procedural justice using investigations that compared people's reactions to simulated dispute–resolution situations. Procedural justice refers to the impact of the fairness of decision-making procedures on the attitudes and behavior of those affected and involved with decisions. Individuals' perceptions that the procedures followed in determining whether outcomes are fair include whether the implementation of policies are consistent and if rules are followed. Procedural justice has been found to have significant and positive effects on job satisfaction, organizational commitment, and trust (Folger & Konovsky, 1989; Greenberg, 1995; McFarlin & Sweeney, 1992). There are six procedural rules that can be used to determine procedural justice (Leventhal, 1980). These rules are consistency (in allocative procedures across people and time), bias suppression (prevent personal self-interest and blind allegiance to narrow preconceptions), accuracy of information (use good information and informed opinion as much as possible in decisions), correctability (mechanism to modify and reverse decisions), representativeness (allocation process should represent the concerns of all important groups and individuals), and ethicality (allocation process compatible with prevailing moral and ethical standards).

Whether the psychological contract has actually been breached (failure to meet expectations) or violated (emotional and psychological response to the failure to meet expectations) is not the focus of this chapter. Our focus is on the perception of the organization's failure to meet expectations, which negatively impacts employee attitudes and outcomes (Robinson & Rousseau, 1994). For example, psychological contract breach has been shown to affect normative commitment, job satisfaction, distributive justice perceptions, and turnover intentions (Irving et al., 2002). Morrison and Robinson (1997) suggest that the effect of the perception of a violation is minimized by communication, relationships within the organization, perceptions of how fairly one is treated, and the perceived implications of the breach or violation. Robinson and colleagues (1994) suggest that managers need to manage the beliefs that employees have about mutual obligations since these beliefs influence perceptions of psychological contract violations. This link between perceived organizational support and psychological contracts suggests that employees who believe that they are treated well will respond by fulfilling obligations to the organization (Guzzo, Noonan, & Elron, 1994; Wayne, Shore, & Liden, 1997).

Rousseau (2001) suggests that psychological contracts evolve over time. As new information is gathered and the relationship with the organization develops, the employment relationship becomes better understood. Once the employee assumes a level of completeness in information, the linkages to other elements (such as the level of obligation owed to the organization) are formed. Once formed, psychological contracts may be relatively durable. For this reason, once a violation occurs, relationship repair is essential since it will be difficult to reestablish mutuality in expectations. Kickul, Neuman, Parker, and Finkl (2001) explored the role of organizational justice in the relationship between psychological contract breach and citizenship behaviors and found that anticitizenship behavior was higher following a contract breach when perceived organizational justice was low. The strength of the employer–employee relationship may increase the employee's perceptions of procedural fairness. Turnley and Feldman (1999) found that procedural justice moderated the relationship between psychological contract violations and exit. While they did not find a significant result for loyalty, we support their reasoning that reactions may be less severe when employees perceive that the actions taken were unavoidable and the most procedurally fair processes were employed.

Essentially, the belief that one will not be able to advance in the organization or is in danger of losing a job impairs motivation due to perceptions of injustice (Konovsky & Pugh, 1994). The actions organizations take to protect jobs, communicate organizational changes, and place laid-off workers in new jobs can create important perceptions for the employees that remain. Thus, treating employees fairly has many potential long-term effects in terms of turnover, attitudes, and behaviors that can be expected (Greenberg, 1990). We therefore propose that procedural justice will moderate the relationship between perceived psychological contract violations and outcomes (Figure 6.1).

> Proposition 9: Procedural justice will moderate the relationship between perceived psychological contract violation and outcomes.

Mentoring, Trust, and Psychological Contract Violation

Rousseau (2001) suggests that each person in an organization may have a different psychological contract, depending on their interpretation of events around them. The schema supporting the contract can change when the rewards associated with them change. The example given by Rousseau is that a revised contract might be best motivated by clear incentives for accuracy (in interpretation of mutual expectations). So, it appears that the best understood psychological contract between the employee and organization might be the one that is revised based on knowledge of the organization's expectations and the possible consequences for not meeting them. Such renegotiated contracts often come through the actions and communications of managers. Guest and Conway (2000) note that employees tend to believe that promises made by managers bind the organization to particular courses of action. Trust in the persons who engage in the renegotiations affects reactions to the change (Irving & Gellatly, 2002).

Lester and Kickul (2001) report that employees now view organizations as struggling to fulfill aspects of the contract that relate to open and honest communication. For the employees surveyed, the gap between perceived importance of fulfillment and actual psychological contract fulfillment affected job satisfaction, intentions to leave, and, to a lesser extent, performance. Rousseau and Parks (1993) suggest that, once violated, relational contracts become more transactional. Blancero and Ellram (1997) suggest that mutual communication can lead to perceived fairness and is likely to build trust between organizational members as well as within the organization. This form of communication is likely to occur in supervisory mentoring relationships since vocational support, psychosocial support, and role-modeling behaviors strengthen the relational bond and promote interpersonal trust. The emotional connection based on trust in the mentor (Zey, 1988) creates a close relationship.

Where organizations are open and promote the communication of organizational values, expectations, and actions to all levels, there is likely to be high levels of organizational trust. Information might flow to employees through mentoring relationships. Individuals who have a mentor might actually be privy to information that is not widely known (Mishra & Morrisey, 1990). Where there are high levels of mentoring functions as well as strong interpersonal or organizational trust, the impact of a psychological contract violation should be weaker than where mentoring functions are low and trust also low. We therefore expect that:

> Proposition 10: There will be a three-way interaction between perceived psychological contract violation, mentoring functions, and interpersonal trust on outcomes.
>
> Proposition 11: There will be a three-way interaction between perceived psychological contract violation, mentoring functions, and organizational trust on outcomes.

Contract Breach, Mentoring, and Justice

Some research suggests that impression management plays a role in procedural justice. The more sincere the explanation of a given course of action, the more the action might be perceived as fair (Greenberg, 1990). Research has shown that procedural justice is highly interrelated with trust and it is therefore expected to operate in a similar manner. Thus, where high levels of procedural justice are reported, this is likely to moderate the degree to which a psychological contract breach is perceived. This reinforces the strength of the relationship that an employee might have with a mentor and as such moderates the impact of a breach on outcomes for the employee or organization.

Kickul (2001b) found a three-way interaction between contract breach, procedural justice, and interactional justice on negative affect and deviant work behavior. Interactional justice is defined as the fairness in communications of decisions (Bies & Moag, 1986). Thus, interactional justice, as an element of procedural justice, refers to the fairness of the decision maker's behavior in the process of decision making, including being truthful in communication, being courteous and treating the employee with respect, and providing justification for the decision (Tyler & Bies, 1990). Lind and Tyler (1988) suggested that organizations that ignore procedural justice concerns might isolate employees and promote negative work attitudes and performance.

Gouldner (1960) suggests that when employees perceive that they are being treated fairly by the organization and its representatives, they may be more motivated to perform. They might also have more positive work attitudes and be more committed to the organization. While perceptions of fairness are generally based on the way the individual is treated in the decision making process, it includes how the individual feels they are treated by managers as well as the organization as a whole. The organizational climate or perceived support that employees within the organization receive may affect perceptions of fairness. Thus, the perception that employees have that the organization values their well-being and reinforces the norm of procedural fairness should be important in moderating the impact that organizational change can have on the organization and its members.

Since strong interpersonal relations and social support characterize mentoring relationships, it stands to reason that the socialization provided during periods of organizational change will buffer negative perceptions. Thus, this might reinforce perceptions of justice already present based on past organizational experiences. We therefore propose that there will be a three-way interaction between perceived psychological contract violations, supervisory mentoring, and procedural justice in affecting work attitudes and outcomes. We suggest that where there are high levels of mentoring functions as well as strong perceptions of procedural fairness, there will be less negative effects than where mentoring functions are low and perceptions of procedural fairness weak.

> Proposition 12: There will be a three-way interaction between perceived psychological contract violation, mentoring functions, and procedural justice on outcomes.

DISCUSSION AND SUMMARY

The highly skilled workers in the future will not expect to have the same career patterns as those of the second half of the 20th century. This is because organizations continue to downsize and restructure and these changes pose challenges for the staffing of organizations. They also create challenges for junior employees who need to adapt to the changing demands that are placed upon them. The benefits obtained from supervisory mentoring may help employees to maintain stability during periods of organizational change (Kram & Hall, 1995b). This may be especially true since mentorship enhances learning (Lankau & Scandura, 2002). Having a supervisory mentor might ensure the development of skills and confidence needed by junior employees retained after a merger or downsizing activity (Kram & Hall, 1995a). Moreover, the trust that an employee has in the mentor may mitigate negative effects when the organization cannot deliver on the psychological contract. For this reason, trust in the mentor and trust in the organization may operate independently.

Researchers have suggested that there are ways to prevent perceptions of violations though hiring practices, communication, socialization, and training (Morrison & Robinson, 1997; Paul, Niehoff, & Turnley, 2000). The strategies noted by Niehoff and Paul (2001) for developing and maintaining effective psychological contracts (including using realistic job previews and orientation early on as well as committing the organization to integrity in communications, using fair policies, and involving employees in change processes) are clearly first steps to ensure that realistic psychological contracts are formed. Despite these practices, turbulent organizational environments may still result in an increased likelihood of negative reactions and perceptions of contract violation.

In this chapter we proposed that supervisory mentoring is important in building intelligent careers. This is possible through its ability to promote career development, provide social support, and model important behaviors for the organization. Supervisory mentoring will also be important in moderating the negative effects that perceived psychological contract breach can have on personal and organizational outcomes. Two important characteristics in promoting positive work outcomes are trust and justice, especially when organizational changes occur. These help build strong relationships between individuals and organizations and are expected to moderate the relationship between perceived psychological contract breach and work outcomes. Within the context of social exchange the interplay between supervisory mentoring, trust, and procedural justice are important in moderating the negative impact of psychological contract breach. Supervisory mentoring may be the avenue through which expectations become renegotiated, while trust and procedural justice have the potential to diminish the extent to which a breach is perceived.

Caudron (1996, p. 20) stated that "organizational trust has hit rock bottom." He was referring to the organizational changes created by mergers and restructuring initiatives that are often begun without communicating the impending changes to employees; resulting in the loss of credibility by management and increased feelings of insecurity by employees. Mentoring may be a process that helps alleviate the stress of perceived psychological contract breaches. Through the supervisory mentoring relationship, employees may be able to benefit from not only high quality exchanges with supervisors but also experience the transformational effects engendered in the relationship. This might occur since the way that the supervisor and subordinate perceive each other may provide the initial impetus for the development of supervisory mentoring. Organizations that place an emphasis on maintaining employee morale and positive expectations about work may need to facilitate the development of mentoring relationships to help employees cope with change. Having a mentor may thus be seen as a way to develop the skills and competencies needed to remain marketable. Mentoring relationships that allow employees to develop a high level of professional competence may increase the perception of increased control over one's career. In the future, mentoring might be less about promotion within an organization and more about developing competent employees who will be effective in different organizational contexts. Thus, learning skills above and beyond that which is required for one's current job will become more important for junior employees.

FUTURE CHALLENGES

Research in the mentoring arena should continue to develop new models that incorporate the concept of the psychological contract and reflect the changing nature of careers (De Janasz & Sullivan, in press; Simon, 2002). Career systems remain an important aspect of strategic human resource management (Sonnenfeld & Peiperl, 1988). However, the assumptions underlying the patterns of organizations in the future will likely change to keep pace with the shifts in workforce mobility from intra- to interorganizational movement. Despite increased interorganizational mobility, organizations must still maintain effective staffing to function. The patterns of organizational career logics (OCLs) have changed in recent years (Evans, Gunz, & Jalland, 1997). An OCL is the logic underlying the career system that is reflected in the firm's career paths. Evans and colleagues (1997) propose that downsizing alters these career logics by the elimination of jobs, the removal of product lines, targeted personnel reductions, outsourcing, and cutbacks. The result of these changes is that employees have come to expect to have different career paths that involve interorganizational moves. Recently, Arthur and Rousseau (1996) termed these new career paths "boundaryless careers." A boundaryless career is defined as "a sequence of job opportunities that go beyond the boundaries of a single employment setting" (DeFillippi & Arthur, 1996, p. 116). These boundaryless career patterns have implications for the development of work relationships. Increased turnover challenges traditional mentoring relationship development. It may be more difficult to develop and maintain mentoring relationships when there is increased instability in the workforce. Jobs in the future should perhaps be viewed as points along a learning curve, with an emphasis on what can be learned on each job from skilled mentors. The boundaryless career increases the need for psychologically challenging work (Sullivan, 1999). Therefore, the need for effective mentoring that provides intellectual challenge for employees should increase as careers become more boundaryless.

This changing career pattern has implications for the types of psychological contracts that might develop in organizations. Managers may need to be trained to promote longer-term relational psychological contracts as well as shorter-term contractual or even transitional ones (Rousseau, 1995), depending on the competitive environment that an organization faces. Thus, another aspect of these changes might be the diminishing role of managers as longer-term organizational mentors and an increase in their role as sponsors who promote the visibility and transferability of employees. Dysfunctional relationships may result from conflicting interests between the senior and junior organizational members as supervisors may be unwilling to help employees develop in the direction that increases their mobility.

Scandura (1998) suggests that the power differentials inherent in the mentoring relationship might have a negative effect and some relationships may become dysfunctional. The emergence of dysfunction in mentoring may in fact be increasing as psychological contracts are altered. Eby, McManus, Simon, and Russell (2000) reported that over one-half of mentoring relationships in the organization they studied had one or more dysfunctional characteristics. Rousseau (2001) notes that power differences impact the worker's ability to freely communicate preferences and expectations. Research needs to be conducted that examines the role that the new career context might be contributing to strained mentoring relationships. Some supervisory mentoring relationships may become dysfunctional and thus further research is needed that examines different types of mentoring relationships and the resulting negative as well as positive outcomes. For example, protégés who place their career interests above those of the organization may clash with mentors who are attempting to reinforce the vision of the organization and implement effective socialization.

New forms of mentoring have been emerging and are being discussed in the organizational literature. Lateral or peer mentoring, for example, has been discussed as a tool in today's flatter organizations (Kram & Isabella, 1985). Peer relationships that provide vocational and psychosocial support are complementary or might even substitute for traditional mentoring relationships. Peer mentoring helps develop job-related skills (Eby, 1997). Intrateam mentoring has also been discussed as another technique for developing employee skills. Kaye and Jacobson (1995) asserted that one-on-one relationships might narrow the opportunities for employees to access diverse networks. They describe the "group" model of mentoring as the process of placing a successful organization veteran with a group of four to six less experienced protégés. Team mentoring may be more effective than the traditional mentorships since the learning process is carried out through a network of relationships. Higgins and Kram (2001) expanded on this concept of networks and proposed that network diversity and strength need to be developed to increase learning but that traditional developmental networks (within organizations) promote greater commitment than entrepreneurial or opportunistic ones (outside the organization). Thus, mentoring in the organizational context has the potential to alleviate the stress caused by organizational change.

Mentors help protégés to develop goals and plans, gain visibility, and provide opportunities for learning. The coaching, social support, and role modeling provided by mentoring relationships help employees effectively manage job changes over the course of one's career. Employees who want to remain with their employing organizations may expect mentors to assist with promotions, as in the past. However, supervisory mentors may need to focus less on developing subordinates for promotions and more on helping them learn transferable skills. Training in organizations may need to emphasize the promotion of strong relational psychological contracts (long term, high commitment) as a complement to more transactional ones (Rousseau & Wade-Benzoni, 1995). Whitener and colleagues (1998) suggest that organizations can provide training to enhance managerial trustworthy behavior since the skills necessary to improve trust in relationships include effective leadership, communication, and fairness. The mode of operation that promotes open communication and honesty might also be more beneficial to organizations than making fragile promises.

Organ (1988) suggests that within the context of social exchange the willingness of individuals to go beyond the call of duty (reflected in citizenship behaviors and positive work attitudes) indicates that there is no assumption by employees of the intent of the organization to exploit employees' good intentions. There is therefore an underlying assumption of fairness and trust in the organization and its agents. It appears that the role that supervisory mentors play in organizations includes affecting perceptions of organizational support. This support has been shown to affect organizational commitment and intentions to quit while high-quality relationships directly affect performance (Wayne, Shore, & Liden, 1997). It appears that within a context of organizational change, organizations and its agents need to support organizational members. A greater balance between commitment and skill acquisition for career mobility might result in resiliencies for both the organization and its members.

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CHAPTER 7

CONTINGENCY MODEL OF LEADERSHIP EFFECTIVENESS

Challenges and Achievements

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ABSTRACT

This chapter presents the validity studies of the contingency model of leadership effectiveness and clarifies the leader match concept. It defines the model's two main components: the leader's characteristics (i.e., LPC score) and the leader's situational control. Particular attention is given to the theoretical relationship between situational control and basis of social power. In addition, the model's status in relationship to methodological issues in leadership (such as single source bias, multimethod approach, setting of validation studies, level of analysis, definition of effectiveness, and study of time in leadership) is examined. Finally, the contingency model's treatment of organizational hierarchy, leadership training and development, and culture and leadership are discussed. The chapter ends with an insight into the future evolution of the model.

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Are all leaders alike? Is there one trait that predicts leaders' effectiveness in all situations? The extent to which the situation moderates leaders' traits relationship to work team success is a question that has preoccupied leadership researchers since the middle of the 20th century (Ayman, 2000). Although the term "contingency" referring to situational moderators was used prior to Fred Fiedler's leadership research, he seems to be the first who responded to Stogdill's (1948) call. He operationalized and systematically studied the moderating effect of the situation on the relationship between traits and leadership effectiveness.

Fred Fiedler started his work on this model in 1951 (Fiedler, 1978). The first presentation of the model was in 1963 and it was subsequently reviewed and revised in 1974 and 1978. Fiedler's work has been dedicated to examining the interface of the individual's characteristics (trait, intelligence, and experience) and the situation. Therefore, the model incorporates two main scientific approaches: One, the trait approach to leadership, and the other, the person–situation interaction approach used in social psychological research. Modern researchers, in beginning of the 20th century, first defined and assessed leadership through the use of the trait approach (e.g., Ayman, 2000; Bass, 1990; Chemers 1997; Yukl & Van Fleet, 1992). By the 1970s, researchers studying human behavior endorsed the notion that a person's behavior is the result of an interaction between who the person is (e.g., ability, values, or traits) and the environment (e.g., the social setting, the task). The leadership outcomes have included performance, satisfaction, turnover, absenteeism, and stress. The development of Fiedler's leadership model reflects this general evolution in the social sciences.

In the last 50 years, Fiedler has presented two main models: the contingency model of leadership effectiveness (1978) and the Cognitive Resource Theory (1995a, 1995b). In both of these models, the relationship between the individual's characteristics and the leader's effectiveness is examined in relation to situational demands. That is, Fiedler believed that the leader's characteristics in relation to effectiveness is contingent on the situation, or is moderated by the situational elements. Fiedler's contingency models are different from other contingency models such as path–goal theory (House, 1971) and the leader decision-making model (Vroom & Yetton, 1973). These models of leadership investigate leaders by assessing the leaders' behavior, whereas Fiedler's model examines the leaders by assessing the leaders' characteristics (e.g., motivational orientation, intelligence, and experience).

This chapter is an overview of the contingency model of leadership effectiveness. First, a description of the contingency model, its premises, the criticisms, and the validation studies are presented. Then, each component of the model is discussed and the research surrounding it is briefly reviewed. Subsequently, the model's responses to recent leadership research issues and concerns are presented. Finally, we look to the future, and consider the cognitive resource theory briefly as a recent development in the trait contingency approach to leadership.

THE CONTINGENCY MODEL OF LEADERSHIP EFFECTIVENESS

After the initial years of research, the model was presented in its final form in the 1970s (Fiedler & Chemers, 1974). The model's main premise is that two factors interact to predict a leader's effectiveness: One, the leader's characteristics (mostly defined by the leader's motivational orientation); and the other, the leader's level of certainty or control over the situation. The situation includes the work team's support for the leader, the clarity of the goal and strategy for the leader, and the authority present in the position of the leader. The model predicts that in situations where the leaders have high control, the group's performance will be better if the leader is task-motivated rather than relationship-motivated. In situations where the leader has moderate control, the groups' performance will be superior if the leader is relationship focused rather than task-oriented. When the leader has very little control and there is a crisis, even though the group performance is not at its highest, the group benefits more by having a task-oriented leader than a relationship-oriented one. When leaders are functioning according to these predictions, they are considered "in-match." However, when they are not in the situations that best fit their orientation, for example, task-oriented leaders in a moderate control situation, or relationship-oriented leaders in high situational control, they are considered "out-of match."

Before presenting the definition of leaders motivational orientation and the factors contributing to leaders' situational control, the next two sections present the initial criticisms of the model and the validation of the model. The criticisms of the different components (leaders' orientation and situational control) of the model are discussed as each are presented (Ayman, Chemers, & Fiedler, 1998).

Initial Criticisms to the Model

This leadership model has received some of the harshest and most extensive criticisms in leadership research. This has given it strength and has led to its development. The criticisms of the model can be categorized into two main issues. Some of the early criticisms were focused on the criterion-related validity of the model (e.g., Ashour, 1973; Graen, Alvares, Orris, & Martella, 1971). Others were more focused on the construct validity of the instruments of the model. The majority of the concerns centered around the latter seem to be about the psychometric properties of the Least Preferred Coworker (LPC) scale (e.g, Schriesheim, Bannister, & Money, 1979; Schriesheim & Kerr, 1977), which is the instrument that has been used to assess the leader's disposition in the contingency model of leadership effectiveness. To address these concerns, first the criteria-related validity studies are briefly reviewed. This is followed by a discussion of the various constructs of the model and their psychometric properties.

Contingency Model's Validation

Since these early criticisms, experimentally designed studies have supported the predictive validity of the model (e.g., Chemers & Skrzypek, 1972). However, it is easy for someone to dispute the results of any one study. The last 20 years, three separate meta-analyses have been conducted on the contingency model of leadership effectiveness (Peters, Hartke, & Pohlmann, 1985; Schriesheim, Tepper, & Tetrault, 1994; Strube & Garcia, 1981). Although the three analyses used different statistical calculations for their meta-analyses and they pursued slightly different questions, their overall results did not differ. They agreed that the research on this model has demonstrated criteria-related validity. In addition, the authors encouraged further refinement of the model. Some of these issues are discussed in the following sections.

Motivational Orientation and Its Construct Validity

The leaders' motivational orientation is a trait concerning a leader's task or relationship orientation and it is measured with a scale called the Least Preferred Coworker (LPC). This scale is a bipolar adjective scale with 18 items (Ayman & Romano, 1998) used to assess a leader's or potential leader's motivational orientation. Detailed analyses of this instrument are presented in other documents (e.g., Rice 1978a, 1978b). More recently, Ayman and colleagues (1998) provided a review of the isues that have been the center of debates for decades.

One key issue of misunderstanding regarding the LPC scale is the researchers' assumption that it is a self-report measure. The LPC scale is not a self-report measure of behaviors or personal values of a respondent. It is an indirect measure of the leader's inner needs or orientation, similar to a projective test like the Thematic Apperception Test (Mclleland, 1965, as cited in Yukl, 1994). This characteristic has been a double-edged sword for the LPC scale. Its strength is that it is not a direct measure of an individual's characteristics. Therefore, the naive respondent has little ability to influence the responses or know about the results (Kennedy & Gallo, 1986). This strength is also its weakness as it contributes to the scale's low face validity.

This section starts with a review of the measure's reliability and stability. Subsequently, three approaches used to exploring the meaning of LPC scores will be presented: (1) the multimethod approach to establish the rationale for the labels of "task orientation" and "relationship orientation," (2) construct validity studies using the convergent and divergent validity approach, and (3) studies on the relationship between LPC score and behavior.

Stability and reliability of the measure. To test the reliability and stability of the measure, several indices have been used. The internal consistency of the recent measure has been reported as high. The average Cronbach alpha value across studies has been reported as .89 (Ayman et al., 1998). In addition, Fiedler (1978) reported Rice's result using the split half reliability test to be .88 for the LPC scale. The measurement stability over time has also been tested and the results have shown that the scale falls in an acceptable range, with an average of .67 (Ayman et al., 1998; Fiedler, 1978).

To further test the stability of the LPC scale, a recommendation could be that the respondents should be asked to choose more than one target. Subsequently, the researchers could assess the test–retest reliability of the measure using the two targets per respondent. While this recommendation seems intriguing, it violates the instructions of the instrument (Ayman & Romano, 1998; Fiedler & Chemers, 1984).

The instructions of the LPC scale direct the respondent "to choose the one person in their life with whom they have worked least well" (Ayman & Romano, 1998, p. 109). The keywords are "least" and "describe one person." Based on these two critical points, it seems evident that technically, in a given time, there can only be one person that fits this characteristic in an individual's life at a given time. Thus, asking a person to choose two least-preferred coworkers seems inappropriate. Also, authors have demonstrated that the respondents should choose a real person, instead of an imaginary one, as this can have an impact on the LPC score (e.g., Ambrosch, Lippert, & Schneider, 1978; Ashworth & Hazer, 1986).

On an anecdotal level, I have given this test to mangers for 10 years in week-long leadership training sessions. Invariably there were individuals who did not like their LPC scores (perhaps due to lack of face validity) and decided to choose another target, hoping to change their score. Interestingly, as long as the respondent remained true to the instructions, they never were able to change their LPC type, although some variability was noticed in their score. That is, if they were assessed as a low LPC they never became high, and vice versa.

What Does the LPC Score Mean?

A multimethod approach. As reported in Ayman and colleagues (1998), LPC scores are traditionally trichotomized to identify high and low LPC individuals. The reason for only using the top and bottom thirds was based on the assumption that they will yield the most accurate classifications. Those who have scores equal to or above 73 are considered high LPC or relationship oriented. Those with scores equal to or below 63 are considered low LPC or task oriented. In some studies a median split was used instead of the use of the classification of top and bottom thirds. There are some explanations regarding the middle LPC score's potential characteristics. For example, Kennedy (1982) has presented some evidence that middle LPC leaders are not dependent on the motivational orientation. However, it is critical for the reader to remember that the presence of the middle score category is more an artifact of the research design. A competing argument can be that leaders with middle LPC scores may be high self-monitors, however, this issue has not been fully resolved.

The rationale for the relationship orientation and task orientation labels is based on the belief that this measure accesses the intensity of the relationship between the individual's self-worth and task accomplishment. That is, for those with low LPC scores, when someone interferes with their goal accomplishment, they become bitter and thus describe the individual very negatively. This may be due to the fact that their self-worth flows from task accomplishment. However, individuals with high LPC scores are more relationship oriented, and do not perceive the lack of task completion as a significant threat to their self-worth. Thus, they seem to describe the person who has been the cause of the failure in a more positive way than their task-oriented counterparts.

Due to the fact that respondents express their reactions to the situation using adjectives as descriptors, the score may reflect the affect of the respondents to the failed work experience (Rice, 1978a). The underlying assumption of this was examined in two studies (Ayman & Chemers, 1986; Garvine & Rice, 1982). In these studies, after the managers or the students had completed the LPC scale, they were asked to describe their target person in their own words. Independent observers coded their responses. The results demonstrated that the high LPC and low LPC students described their least-preferred coworker differently (Garvine & Rice, 1982). That is, low LPC managers compared to high LPC managers described their target person using all negative descriptors significantly more often (Ayman & Chemers, 1986).

To further illustrate the rationale of the labels, two other studies were conducted, one in the laboratory (Rice, Marwick, Chemers, & Bentley, 1982) and one in the field (Chemers & Ayman, 1985), both yielding similar results. The participants of these studies were college students and Mexican managers. In both studies, the low LPC participants (compared to high LPCs) had a significantly higher correlation between their satisfaction with the work itself and their performance. This supported previous findings that a low LPC score is more reflective of task concerns (Kuehl, DiMarco, & Wims, 1975) and high LPC scores show less concern for the task. Persons with low LPC scores (scores similar to intrinsic motivation) seem to show stronger work satisfaction and performance relationship than do persons with high LPC scores (who seem more extrinsically motivated). Therefore, one can conclude that the LPC scale assesses job-related orientation or motivation, where low LPC individuals are more task focused.

In addition, two studies on birth order (Chemers, 1970; Hardy, 1972) provided interesting results that may indicate the effect of early life experiences of birth order on the development of this orientation. These studies included samples of younger and older youth (i.e., high school students and college students). Both found that the first-born respondents were significantly more likely to score low on the LPC scale than the later-born respondents. The authors concluded that this may be due to parents of first-born children giving more attention and praise to task accomplishment. In young families where the first-born is the only child for several years, parents can be overly focused on the child's achievements. This can affect the socialization experience of the first born to be more focused on task accomplishments. In addition, because the child does not have siblings at the time, parents' feedback may be his or her only source of self-development. Therefore, as the first child learns to do various things, the inexperienced parents (in amazement) reward the child with attention and excitement. The child may internalize this praise and his or her self-worth may become more related to task accomplishment. Although this finding is intriguing, the actual processes are not well documented. Future studies may further explore the socialization processes of task- versus relationship-oriented individuals.

Thus, these studies provide evidence that various studies across the years, using multiple methods, have demonstrated that LPC score is a reflection of the respondents' focus on the task or relationships. In the next section, the LPC scale's convergent validity with other measures of values and traits is reviewed.

Convergent and divergent validity. In search of the meaning of the LPC scale, for decades researchers have conducted studies including LPC with various other trait measures that had a potential theoretical relationships with it (Rice, 1978a). More recently, Kennedy, Houston, Korsgaard, and Gallo (1987) reviewed the past research and conducted a study of their own. However, none of the traits (such as cognitive complexity, intelligence, intolerance for ambiguity, authoritarianism, dogmatism, social desirability, locus of control, protestant work ethic scale, Bem's sex-role inventory, and need for achievement) yielded a strong linear relationship with LPC score. For example, in one particular study, Ayman and Chemers (1991) examined the relationship of self-monitoring and the LPC score using Mexican managers and found that LPC scores and self-monitoring scores were independent. Therefore, in general the LPC scale has not shown any empirical evidence of convergence with other trait measures.

A potential reason for this could be based on what was mentioned earlier, that the LPC measure is an indirect, quasi-projective test. As Vecchio (1998, p. 116) stated: "Although this feature results in the instruments having very little 'face validity,' this is nonetheless a distinct 'plus,' as self-assessments in the realm of leadership are highly suspect (Kerr & Schriesheim, 1974)." Individuals responding to all other measures are conscientious in self-reporting what they have done or what they value. Markus and Wurf (1987) have noted that a self-report measure of values and traits are more on the surface of the person's identity. They acknowledged that needs are core characteristics that are hard to access and measure. It is possible, therefore, that the LPC scale is a measure that accesses an aspect of this core characteristic. Future research should further explore this issue.

Leader behavior. For about 30 years, scholars have tried to use the existing techniques of psychometrics to understand what the LPC scale measures. Many assumed that it is a measure of the leader's behavior and considered the lack of consistent evidence indicative of the measure's weakness. It is important for the reader to ponder on the following five facts when considering this issue: the empirical evidence, the content of the scale and the author's assumption, the recent knowledge about the relationship between values and behavior, and finally the limitations of the tools available to measure leader behavior.

Past results of research on the relationship between LPC score and leader behavior has been inconsistent at best. Overall, there is a lack of support for a close relationship between these two variables and they seem to measure different aspects of a person (e.g., Edwards, Rode, & Ayman, 1989; Fiedler, 1978; Rice, 1978a). By examining the items and instructions of the scale, it seems quite clear that the LPC scale does not measure the leader's behavior. In addition, Fiedler has clearly stated, "the LPC score does not generally predict leader behavior" (1978, p. 61). Future studies examining moderating variables affecting the relationship between LPC score and behavior are warranted.

One of the main challenges facing research on LPC scores relationship to leader behavior, is also related to the challenge that researchers are confronted, when they need to assess any leader behavior in general (Ayman, 1993). Since the 1980s, various studies in the cognitive approach to leadership have demonstrated a lack of fidelity of leader behavior measures (e.g., Lord & Maher, 1991). That is, Lord and his associates have demonstrated in various laboratory settings that the perception of the leader's behavior is more reflective of the raters' expectations (schema) than it is the "true" act or behavior. In addition, for decades there has been evidence of a lack of agreement among different rating sources on the perceived leader behavior (Becker, Ayman, & Korabik, 2002). Therefore, although examining the relationship between LPC scores and measures of leader behavior is informative, it may not demonstrate that one is a more appropriate measure than another. Although measures of leader behavior have face validity, the lack of direct relationship between LPC scores and leader behavior does not imply a superiority of one over the other as a more effective or a more accurate measure of leadership. One could say that face validity has its own double-edged sword. As the respondent can anticipate the reason for the inquiry, it allows the respondent to construct a reality they like to portray rather than reflect what "really" happened. Future research, therefore, needs to examine both the content and situation of the leader's behavior in relation to the leader's LPC score.

In summary, through the years, the LPC scale has been one of the most controversial aspects of the model. But it has also been a major contributor to the model's validity, and it has received extensive research attention. It seems clear that the LPC scale does not directly measure behavior and that it has an acceptable level of stability and reliability. Its lack of relationship with most other measures of similar constructs may be due to its quasi-projective nature. Most other measures may be highly susceptible to the respondents' manipulation and impression management. Another positive characteristic of LPC scale is that it is a narrow task-related trait, which may make it more predictive and effective. House, Shane, and Herold (1996) have acknowledged that traits that have a narrow compared to broad bandwidth may be more effective predictors. Therefore, strides need to be made to better understand the relationship between the LPC score and leader behavior, but the LPC measure is clearly not without considerable merit.

Situational Control

Situational control is the second fundamental element in the contingency model. It indicates the leader's level of certainty and influence in managing the group and achieving the work team's goal. The leader's situation in the contingency model paradigm is defined from the perspective of the leader. For the most part, Fiedler (1978) has defined the situation as the social relationship and support of the team, the level of complexity and structure of the task, and the position power of the leader. In this section each of the three situational elements is briefly reviewed.

Leader–member relationship. This variable refers to both the cohesion of the team and the team members' support for the leader. It has been recognized as the most important situational element in order for a leader to feel in control. The recent measure of this construct has eight items on a five-point scale (Ayman & Romano, 1998). Research has shown independence between the leader–member relationship score and LPC score of a leader. However, in some studies it has had some relationship with outcome variables. Its internal consistency is fairly high (e.g., in Ayman & Chemers, 1991, Chronbach alpha = .80). It is of value to clarify that this measure is a group-level measure of social conditions perceived from the perspective of the leader. This is different from other leadership models that define the leader's situation. For example, in path–goal theory, the situation is most commonly assessed not only through the eyes of the subordinates, but it is based on the conditions of the subordinates (e.g., their needs or their task structure), not their relationship with the leader.

In early research and in laboratory studies, this variable was manipulated. That is, either leaders were placed in groups with others whom they were familiar with and were friends, or they were put in teams where the members were strangers. Manipulation checks were conducted with the group atmosphere scale (Fiedler, 1978). This is a measure with 10 eight-point bipolar adjective items. The group members' average on this scale was the value used to establish the level of group cohesion and support. Studies that tested the relationship between sociometric methods and the group atmosphere scale found a strong, significant, and positive relationship (e.g., Chemers & Skrzypek, 1972). Overall, although most of the studies were experimental, they were designed to have a good or a poor social atmosphere.

In more recent studies, particularly those that are field studies, social influence and certainty of the leader was assessed by use of the Leader–Member Relations (LMR) questionnaire. This instrument has eight items, four of which address the relationship of the team with the leader and four that assesses team cohesion. Internal consistency and its relationship with group atmosphere scales were positive and strong (Ayman et al., 1998).

It may be of interest to consider the relationship between the leader–member relationship concept in situational control and leader–member exchange theory. While this is an empirical question, theoretically they seem to address similar, yet different aspects of the leader's and team members' relationship. LMX centers on what members get out of the relationship. That is, it focuses on the support that the leader gives to the team members (Graen & Uhl-bien, 1995, 1998), not group cohesion and members' support for the leader. The LMR scale assesses the leader's impression of the group's cohesion and the group's support for him or her. Therefore, although the LMR scale may conceptually be related to the domains examined by LMX theory, it measures a distinct aspect of the relationship.

Task structure. This variable represents the leader's knowledge, expertise and control over his or her duties and responsibilities to get the job done. The measure used to assess this variable is a 10-item questionnaire that addresses the four criteria of task structure. These criteria, as identified by Shaw (1963, cited in Fiedler, 1978), are the task's decision variability, goal path multiplicity, goal clarity, and solution specificity. In Stewart and Latham's (1986) study, the task-structure measure yielded acceptable stability and consistency. In addition, Fiedler and Chemers (1984) added an addendum to this measure to represent leaders' level of experience and training, as these may influence leaders' sense of control and influence over task accomplishment (Ayman & Romano, 1998).

In earlier research in laboratory studies, groups' task structure were usually designed to be either high or low on the basis of the four criteria (Shaw, 1963, cited in Fiedler, 1978). The task structure measure was mostly used as a manipulation check (Chemers & Skrzypek, 1972). Later, in field studies, either the experimenter made an educated assessment of the leader's task using these criteria, or the leader provided his/her perception of task structure (Ayman et al., 1998; Feidler, 1978).

Position power. This situational variable represents the leader's legitimate, coercive, and reward power. In most of the original and early research of the model, the experimenter controlled this variable. The commonly used measure of this variable has five items that assess if the leader has a title and does he/she have the authority to make personnel decisions. Stewart and Latham (1986) demonstrated that the various aspects of the power measure do not coalesce as measuring one concept and reported that the internal consistency reported for this measure is not good (e.g., Ayman & Chemers, 1991). Future work is therefore needed to improve its quality.

The earlier research on the contingency model, which was primarily experimental in design, did not rely on the measures of situational control that have been described here. Also, in order to design appropriate situations, each situational variable was manipulated to be high or low. That is, by crossing levels of good and poor leader–member relations, structured and unstructured tasks, and high and low position power, theoretically eight octants can emerge. In addition, most of these studies used an analysis of variance or batting-average statistical procedures to test their hypotheses. The experimental eight octants created conditions that seem not to occur that often in the field. Several scholars have shown that in field research, and even in laboratory settings, not all of these octants were realistic and not all were replicated (e.g., Strube & Garcia, 1981). Therefore, in more recent versions of the model, instead of discussing eight octants, the three-situational-control (i.e., high, medium, and low) conditions have been referenced (Fiedler & Chemers, 1984). In organizational field research, most leaders/managers have described their situational control as either high or medium (e.g., Ayman, 1980; Ayman & Chemers, 1991).

Summary of situational control and its relation to social power. In earlier writings on the model, many authors referred to situational control as situational favorability (Fiedler & Chemers, 1974). This confused the conceptualization of the purpose for examining the situation. That is, what makes the situation favorable and what is perceived as favorability of the situation may vary from one person to another. However, as the model evolved, it became clear that the role of the situation in the contingency model was mostly from the leaders' vantage point. In addition, it was assessing their sense of control and power to influence the final result, thus the term "situational control" (Fiedler, 1978). In reflection, a conceptual relationship between the situational control in the contingency model of leadership effectiveness and the sources of social power seems to be present. By relating these two concepts to each other, a new perspective on the model and its position in the study of effective leadership may emerge.

Fiedler did not make a direct link between situational control and social power (French & Raven, 1959). Ayman and colleagues (1998) provided a discussion of the conceptual similarity between these two concepts. In defining power, many definitions are presented in Bass and Stogdill's handbook of leadership (Bass, 1990). Overall, the agreement seems to be that social power for a leader is the ability to make others behave in the way the leader wants. Bass (1990) stated that although the relationship between power and influence is not clear, power is the potential to influence. Therefore, if situational control is the level of influence that the leader feels, it can be assumed that this sense of potential influence is based on the sources of power that are available to the leader.

Fiedler and Chemers (1984) operationalize situational control as involving three areas (leader–member relationship, task structure, and position power) seems to parallel French and Raven's (1959) bases of power. Referent power is the source of power that the individual has based on their relationship with others. That is, leaders with this source of power can rely on their relationship and the support of their team members to get the job done. This is similar to the leader–member relationship construct of situational control. Expert power refers to the individual's potential to influence due to his or her knowledge, ability, and skill. The task structure construct of the contingency model is parallel to this. That is, a leader who perceives his or her task as structure has to have the knowledge, ability, and skill necessary to do the task. A leader who is not an expert most probably will not perceive his task as structured. Finally, the three remaining sources of power—coercive, reward, and legitimacy—are considered aspects of position power (Bass, 1990). Indicators of all three are reflected in the position power measure of the situational control. Therefore, Fiedler's conceptualization of the situation in his model is based on the availability of sources of power for the leader.

Fiedler and Chemers (1984) weighted these three aspects of situational control; such that leader–member relationship has twice the weight of task structure, which in turn has twice as much as weight as position power (Ayman et al., 1998). Support for this weighting scheme can be extracted from empirical studies on the relative impact of the power sources on subordinates. Podsakoff and Schriesheim's (1985) review of 13 studies, similar to Yukl and Taber (1983), concluded that the use of expert and referent power is more effective than the use of the three-position power sources. Therefore, as mentioned before, a simpler categorization (i.e., high, medium, and low) of situational control is used in field studies (e.g., Ayman & Chemers, 1991; Giffort & Ayman, 1989) reflects the combination of leaders' sources of power and situational control.

Model's Strength in Relation to Challenges in Leadership Research

In order to properly evaluate the contribution of the contingency model to leadership knowledge, methodological challenges and issues faced by leadership researchers are highlighted below. In this section, the status and contribution of the contingency model of leadership effectiveness is discussed in relation to each of the challenges and issues. The methodological challenges include single source bias, the use of a multimethod approach, the use of training sessions for validation of leadership models, and level of analysis (Yukl & Van Fleet, 1992). Other issues noteworthy of discussion are the definition of leadership effectiveness, the importance of time in development of leadership, the level of leaders within the organization, the relationship of the model to leadership training, and the role of culture and workforce diversity.

Single source bias. This concern is related to one source, such as the leader or the subordinate, providing information about all the variables in the study. Avolio, Yammarino and Bass (1991) acknowledged that collecting information from a single source is common in behavioral sciences. However, they also noted that this leads to a halo effect and represents artifactual instead of "true" covariation between measures. This is of utmost concern when the independent variables and the dependent variables are collected from the same source. In this situation, the resultant concurrent validity can be potentially inflated.

Earlier research on the contingency model was very careful to maintain independence among the variables of the model by the design of the studies. The leader completed the LPC scale to provide the leader's motivational orientation (usually prior to the study), and the experimenter designed the situation. Thus, the sources of information about the leader and the situation were distinct. In these studies the outcome was usually assessed by another source. In some field studies, the leader provided both the LPC score and the situational control measures, but in most of these studies the relationship between the two was negligible. This freed the model from the problem of single source bias and multicollinearity that plague research on some other models of leadership.

Multimethod. The multimethod concern is also mostly associated with measurement methods. That is, when the variables are measured with the same instrument, it can result in artificially inflated results (Sackett & Larsen, 1990).

In most of the contingency model's studies, different instruments and sources provide the information about the leader's characteristics and the outcome variables. The only exception is when the leader's stress was the dependent variable (Chemers, Hays, Rhodewalt, & Wysoski,1985). In the case of performance, either the measure of performance was assessed based on objective quantitative criteria, qualitative data (e.g., experts evaluating the quality of the group's decision), or the information was gathered from the leader's superior. In studies where subordinates' satisfaction was the outcome variable (Ayman & Chemers, 1991; Rice, 1981), the dependent and independent variables were assessed from two different sources; the leaders provided the LPC score and subordinates provided the satisfaction score. Therefore, the majority of supportive results for the contingency model are largely based on multimethod data-collection procedures.

Setting and leadership model validation. Yukl and Van Fleet (1992) have expressed concern that several models of leadership validate their predictions using training sites. That is, they collect data from participants in training sessions. The contingency model's validation studies are primarily conducted in laboratory experimental settings designed for predictive validity (Chemers & Skrzypek, 1972) or they are conducted in field settings for concurrent validity (Ayman & Chemers, 1991). In those cases where training sessions were used, they were conducted to change the leader's situational control and examine the predictions of the model (e.g., Chemers, Rice, Sundstrom, & Butler, 1975). The results of these studies were supportive of the model for the most part. The studies from training sessions mostly illustrated that learning about the model did have a positive effect on the trainees (e.g., Fiedler & Mahar, 1979).

Level of analysis. In recent years, leadership researchers have become more interested in understanding the level of influence of the leader. The questions are: Is leadership a group phenomenon? Do leaders and their subordinates have unique dyadic relationships? Or, does leadership occur at a subordinate's individual level (Ayman, 2000; Dansereau & Yammarino, 1998).

A majority of research on the contingency model's criterion-related validity supports that it predicts group-level effectiveness. This is partially due to the fact that the model has not been tested at other levels. The nature of the model may exclude the traditional dyad or individual level of analysis. However, the two following studies have shown a potential effect of LPC score composition in dyads or the teams on predicting satisfaction and performance (Chemers, Goza, & Plumer, 1978; Tobey-Garcia, Ayman, & Chemers, 2000). For example, in a laboratory study, Chemers and colleagues (1978) demonstrated that three-person teams working on a lost-at-sea exercise (i.e., moderate situational control) benefited by having a high LPC leader and a low LPC key subordinate. This finding also was supported in a field study with Mexican managers (Tobey-Gracia et al., 2000). In this field study, Mexican managers working on an unstructured task (similar to the condition in the lost-at-sea study) showed that the subordinate was most satisfied with the leader when the leader was a high LPC and the subordinate was a low LPC. However, these are preliminary studies and more multilevel studies and analyses are needed to substantiate these findings.

It is also noteworthy to acknowledge that the model is multilevel in measurement. That is, the leader provides personal individual information, the leader–member relationship has mostly been assessed at the group level, and the task and position power have been assessed at the leader's individual level (Ayman, Chemers, & Fiedler, 1995; Ayman et al., 1998). Also, effectiveness has been measured at the group level or at subordinates' individual level.

Effectiveness. There is a concern about the lack of a clear conceptualization of effectiveness in leadership research (Yukl & Van Fleet, 1992). One way to address this is to view that leaders' effectiveness is similar to organizations' effectiveness. In studies validating leaders' characteristics, two methods have been used: emergence of leaders and maintenance of leadership. It can be said that leadership emergence in laboratory research is related to understanding the individuals' election, advancement, and promotion to leadership position in organizations. Maintenance of leadership mostly refers to the outcomes of the group at the time the individual is at the leadership position in the group (e.g., team performance and subordinates' satisfaction, commitment, and turnover). In other words, leadership effectiveness should include the success of the leader, group performance, and the well-being of the employees. The contingency model of leadership effectiveness, although mostly validated for leadership performance (e.g., Strube & Garcia, 1981), has some supportive evidence regarding other aspects of leadership effectiveness.

In relation to leader emergence, the contingency model contends that the situations facing potential leaders are mostly of low control. This should give an advantage to low LPC leaders. The empirical evidence testing this proposition has yielded supportive results. In a couple of studies (Rice & Chemers, 1973; Schneier, 1978), college students' LPC was assessed before the study and the situation was manipulated according to the model. In Schneier's (1978) study, the low LPC individuals were chosen significantly more often as a leader than were high LPC individuals. Similarly, in Rice and Chemers's (1973) study, low LPC individuals were rated as more popular and valuable than high LPC members of the group. Yet, the data on organization level and LPC score distribution does not show that higher echelons of the organization are populated with low LPC leaders (Fiedler & Chemers, 1984). Therefore, if leadership emergence is an assessment of leader's potential for election or advancement in leadership, the contradiction of the evidence between laboratory research and the status quo in organizations may present a question regarding the generalizability from small group leader emergence research to leader advancement. Future research is needed to clarify these issues.

A majority of leadership effectiveness research on other theories of leadership relies heavily on subordinate satisfaction and subjective measures of performance (e.g., Lowe, Kroeck, & Sivasubramaniam, 1996). In addition, most of these studies use subordinates as their source of performance measures and leaders' behavior assessments. Moreover, a majority of leadership effectiveness studies are concurrent field studies rather than studies designed for predictive validity designs.

The contingency model research was initially validated and developed using predictive criterion validity studies (e.g., Fiedler, 1978; Strube & Garcia, 1981). In these studies, the leader's LPC assessment occurred at Time 1 and the group activity was at Time 2. In the field studies on the contingency model, similar to other leadership theories, mostly concurrent validity designs (correlational studies) were conducted.

Most of the contingency model validation studies used performance (subjective and objective) data. The operationalization of performance in these studies varied from quantitative measures of production, to subjective performance appraisals by the superior of the leader and experts' qualitative assessment of the group's creativity or the accuracy of the group's decision (Fiedler, 1978). Also, studies were conducted and demonstrated support for the model in relation to subordinates' satisfaction (Ayman, 1980; Ayman & Chemers, 1991; Giffort & Ayman, 1989; Rice, 1981; Theodory, 1981b) and leaders' experience of stress (Chemers et al., 1985; Chemers, Hill, & Sorod, 1986, cited in Ayman et al., 1998; Shirakashi, 1991). Therefore, although the strength of the model has been in predicting performance (subjective and objective), it also showed promise in predicting employee well-being.

As Yukl and Van Fleet (1992) have indicated, experimental and field studies each have strengths and weaknesses. However, by including them both in validating a leadership model they can complement each other and provide stronger support overall. In each of these settings one type of effectiveness may be more readily assessed than others. Across multiple settings the criteria best supported by a leadership theory can be identified.

Time and leadership. Some leadership researchers have recently proposed the importance of time in the development of leadership. For example, LMX theory acknowledges the role of time in stages of development of a leadership relationship (e.g, Basu & Green, 1997; Graen & Uhl-bien, 1995). Also, small group researchers, such as McGrath and Gruenfeld (1993), have also acknowledged that in studying groups the role of time needs to be fully explored. As leaders generally lead groups, it seems that leadership researchers should be more attentive to exploring this dimension of the leadership situation.

In past research, particularly in most laboratory research, the teams did not have much time to develop. Therefore, these studies were examining a team at the earlier stage of development. On the other hand, in field research the work teams mostly have been together about 6 months or more.

Studies in the contingency model of leadership effectiveness paradigm where time has been considered can be seen in two ways. First, the model has gained support in both laboratory and in field settings (Fiedler, 1978). Therefore, the model seems to have accounted for the element of time in leadership effectiveness. Second, in studies where the length of the project was a variable or the study was a longitudinal design, interesting results have been found. For example, Bryman, Bresnen, Ford, Beardsworth, and Keil (1987) found that in construction sites, managers' LPC score and team performance was highly correlated (r = .67) and this relationship was weak for the short term projects (r = .13). In another study, Konar-Goldband, Rice, and Monkarsh (1979) examined basketball teams longitudinally and found that at different times of the evolution of the team, the group atmosphere changed. As predicted by the model, the nature of the group atmosphere affected the relationship of leader's LPC score and effectiveness. More studies examining the role of time in contingency model's prediction of leadership are encouraged.

Level in organizational hierarchy. The majority of field research on leadership has been conducted using lower-level and middle-level managers in organizations (Day & Lord, 1988; Zaccaro, 1998). This is natural, and is not surprising, as leaders at these levels in the organizations are easier to access due to the sheer numbers and availability, compared to high-level executives. Similarly, studies on the contingency model of leadership effectiveness have included mostly leaders who occupied low and middle levels in the organizational hierarchy.

Zaccaro (1998) discussed two reasons for the model's potential challenges when applied to top executive leaders: (1) the stability of the leader's trait (i.e., LPC score) and (2) the limited definition of situational control present in the model. He referenced the works of Quinn and his associates (Quinn, 1988; Hart & Quinn, 1993; Hoojiberg & Quinn, 1992, cited in Zaccaro, 1998) who present a need for the top executive's ability to behave in response to the demands of the situation and be flexible. Therefore, he seemed concerned that executives need to be simultaneously attentive to interpersonal issues, and task matters that may not be met with a stable trait such as the LPC score. Specifically, Zaccaro questioned that if the leaders can only either behave in a task or a relational style, this cannot address the needed behaviors of an executive responsible to various constituencies.

In addition, Zaccaro (1998) perceived the executive's situation as high on complexity and ambiguity. That is, the team that an executive is leading could be considered to be the management team, the various departments in the organization, as well as the totality of the employees in the company. These two concerns, the stable trait and the model's definition of the situational control as related to top executives, are further discussed below.

In relation to Zaccaro' s (1998) concern about the stability of the leader's trait, some misconceptions may have occurred. Stability of the LPC score is not indicative of the leader's lack of ability to respond and behave flexibly. Similar to many other aspects of an individual's personality, motivational orientation (i.e., LPC score) is also stable and does not change at will (Chemers, Ayman, & Fiedler, 1998). The LPC scale is not a measure of a leader's flexibility. However, several authors have recognized the self-monitoring scale as a measure of flexibility and ability to adjust (Zaccaro, Foti, & Kenny, 1991). As has been already demonstrated, both high and low LPC individuals can be high self-monitors (Ayman & Chemers, 1991). This shows that both types of leaders may have the ability to manage their responses to the situation without changing their core orientation.

At this point, it may be beneficial to remind the reader of the working self-concept. It proposes that individuals' self-concept includes many aspects, and in different situations one aspect may dominate over another (Markus & Wurf, 1987). Therefore, an individual is not defined by one trait. That is, an individual may have high or low LPC scores and be either high or low self-monitor. In Ayman and Chemers's (1991) study, for example, the manager's scores on the LPC scale and the self-monitoring scale were not correlated. Yet, the self-monitoring score of the leaders moderated the relationship between the leader's match in the situation (as predicted by the model) and the subordinates' work satisfaction. Based on the results of this study, the two traits (LPC and self-monitoring) and the leader's perception of the situation interacted to yield the final effect. Thus, the lack of variability of an individuals' LPC score was not an indication of their lack of flexibility. It is possible that the out-of-match managers who were high self-monitors were able to manage the situation and overcome their limitation. More research is needed to better understand the moderating role of self-monitoring and the interaction of LPC score and the situational control as it relates to outcomes.

Leaders manage their situations to fit their orientation or motivational needs. The following are three individuals' accounts to illustrate this point. For example, a low LPC leader who knows the necessity of attending to the group members' input may find various methods to address this. In a training session, a low LPC Battalion Chief (BC) from the Los Angeles fire department mentioned how he manages his situation. He said: "I don't enjoy socializing with the personnel. So, when I go to a fire station for inspection, while I am reviewing the books, I send my Lieutenant to meet with the station's crew. When we finish our visit and sit in the car, the first thing I ask my Lieutenant is to tell me what he had learned from the crew." This BC successfully managed his lack of match with the situation by delegating the individualized consideration toward the station crew members to his assistant. Therefore, he received the necessary information without changing his orientation. Another effective low LPC fire Battalion Chief said, "In order to ensure that I meet with my crew, I have regularly scheduled staff meetings and a set structured agenda to ensure that I hear from all the personnel." Most high LPC leaders tend to periodically meet with their subordinates and exchange ideas. However, in this situation, the low LPC Battalion Chief consciously organized and scheduled meetings. During his elaboration it was clear that training in conducting meetings and participative decision-making had helped him with this out-of match condition. Finally, in a training program in a mine in Wyoming, an effective high LPC foreman said: "Although you may think that I am out of match with my situation, I maintain my high performance by changing my crew every 6 months. That is, I am responsible for working with the new recruits and training them. Once they are trained, I place them in other work teams. So, I work with different teams every 6 months and my leader–member relationship is at best, moderate." These anecdotes demonstrate how various leaders who may have potentially been out-of-match managed their situation. They did not change their orientation, but they did change and adjust to their situation. As can be noticed in these examples, situational engineering (Fiedler & Chemers, 1984) does not need to be complex.

Zaccaro (1998) also expressed some concerns regarding the adequacy of situational control constructs in determining top executives' situations. The situational control of an organization's chief executive officer (CEO) indeed is a complex phenomenon. That is, should we define the work team of CEOs to be the organization and the various work units, or should we define their work team as their direct reports like any other management team? Chemers (1997) considered the organization as an open system. In his integrative model of leadership, he clarifies that leaders are the responsible entity in the organization overseeing the internal maintenance and the external adaptability of the organization. In his definition of these two functions he recognized the need for their balance.

Chemers (1997) defined internal maintenance as functions to maintain order and stability, such as establishing standard operating procedures and criteria for selection and performance evaluation. This function is expected to enhance reliability, predictability, and accountability of the work team or the organization. He defined external adaptability as the need for organizations to be adaptive to their external environment, by being sensitive, flexible, and responsive. Therefore, as the leader is the focal point in the organization ensuring the balance and occurrence of these functions, he or she is affected by the volatility of either the internal climate of the organization or the external organizational environment of the organization. This is probably even more important for leaders occupying higher levels in the organization than the middle- and lower-level leaders.

The definition of the situational control of a CEO has varied across studies. In a recent study of 50 CEOs (Ayman & Larmore-Daniels, 2001), the LPC scores of the CEOs were normally distributed with a mean of 64.5 and SD of 20.4 . However, the CEOs in this study reported having high situational control. This was defined by the CEO's assessment of their perception of the support and cohesion of their management team (direct reports) and the task of being a CEO. On the other hand, Waldman, Ramirez, House, and Puranam (2001) studied top executives and defined the situation for the executives as the organization's environmental uncertainty perceived by their direct reports/subordinates.

Fiedler (1978) referred to various indicators of the situation beyond the situational control dimensions that are usually studied by the model. He referred to elements such as organic and mechanistic organizations, organizations' environmental uncertainty, and short-term and long-term projects. Therefore, it seems that the CEO's situational control may be better defined by considering several environments. These can be the leader's certainty about the immediate management team, the internal stability within the organization's climate, and the external environment of the organization (e.g., economic, legal, and political conditions).

Thus, as Zaccaro (1998) has recommended, situational control for a CEO could be considered at multilevels. For example, the leader–member relationship for a CEO could be assessed by the employees' affective organizational commitment, and the management teams' support for the CEO. The task can be assessed by the leader's knowledge and experience with the CEO functions and by assessing the volatility of the organization's environment. It is safe to assume that most CEOs enjoy fairly high position power. Depending on the outcome variable, a combination of or a particular operationalization of the situation may be more appropriate. Future investigation is needed to find more appropriate definitions of the situational control for top executives.

Leadership training and development. The connectivity of leadership theories and leadership training and development is not well researched (Ayman, Adams, Hartman, & Fisher, in press; Day, 2000). However, Burke and Day (1986), in a meta-analysis of existing leadership training programs, concluded that the utility and effectiveness of leader-match training is superior to other training programs. Leader-match is the training model based on the contingency model's research (Fiedler & Chemers, 1984). Although a training facilitator can add to the effectiveness of the training, trainees benefited more than nontrainees by just going through the leader-match training book on their own (e.g., Fiedler & Mahar, 1979). Therefore, the contingency model can be said to have one of the most efficient training programs for leadership. It is, however, important to state that leader-match is not a comprehensive leadership development curriculum. Leader-match may be identified as a unit within a leadership development curriculum. Wexley and Latham (1981) recognized leader-match training as a training module that improves leaders' self-awareness using an environmental strategy.

Culture and diversity. The role of culture and diversity has gained the attention of U.S. leadership scholars as the world of work is becoming more diverse. Two modes of research have dealt with this issue: One is the validity of a model or theory of leadership in various cultural groups; the other is to see if the model accommodates cross-cultural communication and interaction between the leader and followers (Ayman, 1993). In examining the contingency model's validity in various cultures, three categories of information need to be considered: First, how the LPC score varies across cultures: second, the validity of the model as a whole; and finally, if the model deals with interculture interactions. The first two are related to the issue of cross-culture functionality of the measures and the model's validity in different cultures. The last one is related to the model's ability to address leading diverse workgroups.

LPC scores show some variability cross-culturally. Overall, the LPC scale has a normal distribution across cultures, though its average may be higher or lower. For example, Iranian (mean = 85) and Mexican (mean = 74) samples had a higher mean score than U.S. samples (mean = 65), but they still had normal distribution (Ayman, 1980; Ayman & Chemers, 1991). A study reported that across various regions, Thai managers working in Thai national companies, in Thailand, had an average of about 63 and those working in foreign companies in Thailand had an average of 74 (Sorod, 1991). In another study, Sorod (2002) found no differences between the average LPC scores of American and Thai managers working for banks in Thailand (mean = 67). In addition, studies in the United States have found that men and women did not differ in their average LPC scores (Schneier, 1978). In a British study, Bryman and colleagues (1987) found that 39 construction site managers had a fairly low average score of 59.94. However, among the Navaho Indians, the distribution of LPC scores were very skewed, where almost all respondents scored above 73 (Jacobs, 1979). Thus, the distribution of LPC may be affected by culture and occupation. However, it should be noted that these studies used different versions of the LPC scale that vary in the number of items ranging from 16–20. In the future using one measure across studies may help better assess the similarities and differences.

Triandis (1993) praised the contingency model because it has components that allow for culture to be assessed. He assumed that collectivist societies would put more emphasis on the leader–member relationship and individualistic societies on task structure. The model has been tested in many countries, including Iran (Ayman, 1980), Japan (Shirakashi, 1991), and Mexico (Ayman & Chemers, 1991; Rubio, 1986), China (Cheng, 1985), Germany (Koch & Laschminsky, 1974), and Lebanon (Theodory, 1981a, 1981b), had varying degrees of support. In addition, the model has been validated for female leaders (e.g., Giffort & Ayman, 1989). Therefore, the model does have cross-cultural validity and can be applied to various cultural samples. For example, in Mexico, the model was able to predict the satisfaction of subordinates with their superiors and coworkers across various organizations (Ayman & Chemers, 1991). In Iran (Ayman, 1980), the model was used as a prediction of work group satisfaction in a manufacturing company.

These results supported the pattern predicted by the model. In the studies the statistical method used varied, but the findings were similar. That is, in high situational control there was a negative relationship between the leaders' LPC score and the satisfaction measures obtained from the subordinates. In other words, in high control situations, task-oriented leaders and subordinates' satisfaction were strongly related. In addition, in moderate situational control the relationship between the leader's LPC scores and the subordinates' satisfaction was positive. That is, in moderate situational control, there was a strong association between relationship-oriented leaders and work team satisfaction. In the field studies, few, if any, leaders reported functioning in low situational control.

Finally, the contingency model of leadership effectiveness has also been helpful in predicting the effectiveness of leaders who work with group members of diverse cultures. That is, in some studies the leader's cultural background was different than the work group. Fiedler (1978) cited several studies where U.S. leaders interacted with team members from various countries, such as Belgium (Fiedler, 1966) or Iran (Chemers, 1969). The key point of interest here is that the leader–member relationship is important for all leaders. In particular, leaders interacting with a diverse work team will be more susceptible to having a volatile team relationship due to cultural misunderstandings. The reason being that multicultural teams, more than culturally homogeneous teams, have potential for team members with very different cultural assumptions of social interactions and mental models of a team. In the studies where American leaders worked with non-Americans, the leader–membership aspect of the situation was greatly affected (Chemers, 1969; Fielder, 1966). By giving the leaders cultural training, the leaders perceived their situation as more in control. So, without training, high LPC leaders did better than the low LPC leaders. For low LPC leaders in these studies, the training enhanced their performance (Chemers, 1969; Fiedler, 1978).

Future Research Trends

In the last 20 years, scholars have conducted studies to improve the quality of the instruments used to measure variables in the model. Also, the applicability of the model in various industries, with various cultures, and at different levels in the organization has been tested. However, three major trends seem to be present in the evolution of the model: (1) the use of multiple characteristics of the leader; (2) the examination of the interplay of the leader's characteristics and the subordinates' characteristics; and (3) the effect of group or dyad composition based on the members' dispositions (e.g., LPC or self-monitoring) and their effect on leadership effectiveness.

Yukl (1994) encouraged the multitrait study of leader characteristics as an evolution in the trait approach to leadership. He said:

> There is a need for more research that takes a holistic view and examines patterns of leader traits and skills, rather than continuing the earlier approaches of focusing on each trait as a separate predictor of leadership effectiveness or advancement. (p. 278)

Within the contingency model paradigm some steps have been taken to include several traits in the model. Up until today, the role of self-monitoring, intelligence, and experience have been investigated with some positive results. Ayman and Chemers (1991) did find that self-monitoring can moderate the effect of match or mismatch in relation to satisfaction with work.

In addition, the role of intelligence and experience has been studied in the framework of cognitive resources theory. Fiedler and Garcia (1987) reviewed the existing evidence and proposed that leaders who are out-of-match and/or are stressed would do better if they were experienced, than if they were only intelligent. This extension of the model has received its share of debate (Fiedler, 1995a, 1995b; Hacker, 1995; Levy-Leboyer, 1995; Misra & Chhokar, 1995; Misumi & Maiya, 1995; Schönpflug, 1995; Sternberg, 1995; Zaccaro, 1995). The premise of cognitive resource theory is that when an effective leader is under stress, he or she will rely on experience and habit. This does not mean that effective leaders under stress should not be intelligent. It means that stress overloads the cognitive resources of the individual and makes these resources less accessible in these conditions.

The concern for stress creating cognitive overload can be seen as the basis for the development of drills and mastery learning programs in military and paramilitary organizations. Usually in stressful situations time is of the essence and the leader does not have the luxury to think and be creative. Individuals who are expected to function in high-stress situations are given opportunities to master best practices through daily drills or training sessions. These practice sessions enhance the participants' ability, mastery, and experience so that, when faced with perils, they are able to immediately use the best response. Cognitive resource theory has articulated this concept and has provided an empirically based model for the relationship between intelligence and experience.

The incorporation of experience and intelligence is still new and needs further development. Intelligence requires time to materialize into performance, whereas experience or wisdom allows for immediate response. The growing interest in the role of different types of intelligence in leadership effectiveness led to an increase in the number of studies looking at the direct effects of each aspect of intelligence. That is, how much of the variance in leadership or leadership effectiveness is due to one type of intelligence or another. Cognitive resource theory is proposing a new view for examining the interplay of these. It is looking at the interaction of these variables in predicting the outcomes of leadership.

Another issue for the future is the examination of the model at different levels of analysis. As mentioned earlier, there are a few studies within the contingency paradigm that have explored the role of dyad composition (i.e., leader–subordinates) and the task on leadership effectiveness. How-

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ever, this needs further examination. The implication of the dyad versus a triad (the combination of one type of a leader with a certain subordinate or with two different types of subordinates) composition in various contexts (task structure or face to face versus computer-mediated) is also valuable. The contingency model's paradigm provides a venue for studying group composition, task structure, and leadership effectiveness.

CONCLUSION

This chapter was an overview of the contingency model of leadership effectiveness. It highlighted the strengths and challenges that have faced the model. This model does not purport that it is a comprehensive model but it does examine leadership from an input and outcome perspective. Furthermore, it is an empirically based paradigm that considers how the leader and group's interface results in organizational outcomes. The model assumes that leadership occurs in a social setting (i.e., a group). To clarify the parameters of the model at this time, we can use the group's literature (West, Borril, & Unsworth, 1998), where the group is seen as a system with inputs, processes, and outcome variables. According to West and colleagues (1998) model of groups, the contingency model does not address the process or the communication flow that transforms the input variables and yields outcomes, it primarily deals with inputs and outcomes. The contingency model deals with group inputs such as characteristics of the leader or the team members and characteristics of the task. It also includes several individual and group outcomes such as performance, stress, and satisfaction. Future research on the contingency model should explore the processes that occur that transform inputs to outcomes.

Within a complex world, to assume that one definition of leadership can fit all conditions is too simplistic and perhaps grandiose. Each model presents aspects of leadership and accounts for some of the variance of effectiveness. Each theory or model has advantages and disadvantages. For example, some models may better explain the leader's behavior (e.g., transformational leadership). However, they are dependent on information from multiple subordinates in order to collect information about the leader's style. Other models, such as the contingency model of leadership effectiveness, explain leader effectiveness by accessing the leader's disposition. Although, as discussed, this has its limitations, it also has the advantage of having easy access to information.

The two approaches are both valuable. One gives information to further develop leader skills and behaviors, and the other gives the leader awareness of how to manage his or her situation to gain optimal success. Continuous research on the measures and the model can further enhance its ability to further add value for tomorrow's leaders' awareness. As London (2002) has stated, effective leaders are those with more self-awareness. However, awareness is not only knowing what others think of you, it is also knowing your own strengths and weaknesses and knowing how to manage your life accordingly. This is what the contingency model of leadership effectiveness provides for the leader.

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